FOREIGN AFFAIRS

AN AMERICAN QVARTERLY REVIEW

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MALTHUS, MARX AND THE NORTH AMERICAN BREADBASKET

By Orville L. Freeman

NORTH America's dramatic emergence over the past generation as the world's principal supplier of food can be illustrated with a half dozen numbers. During the late 1930s, three of the world's seven major geographic regions supplied virtually all of the grain moving into the world market. Latin America, with exports of nine million metric tons yearly, was the leading food exporter, and grain exports were an important source of foreign exchange earnings. North America and Eastern Europe (including the Soviet Union) were each exporting five million tons yearly. Most of the grain exported from these three regions, principally wheat and corn, went to Western Europe.

Thirty years later, the pattern of world grain trade has been altered beyond recognition. As of 1966, Latin America, with net grain exports of two million tons, was scarcely self-sufficient. Exports from Argentina were largely offset by imports into Brazil and other smaller importing countries. Eastern Europe, including the Soviet Union, no longer exported grain but on the contrary was an importer; in 1966 the area imported some fourteen million tons, largely from Canada.

Of all the changes in the pattern of world grain trade between the late 1930s and 1966, the change in the position of North America was most pronounced. As shown by the table on the next page, net grain exports increased from five million tons to sixty million tons, providing in 1966 some 85 percent of the combined grain exports of the net exporting regions. Australia has substantially increased its exports, but its share of the total has remained at about 12 percent. North America has clearly emerged as the breadbasket of the world.

About three-fourths of North America's grain exports originate

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in the United States; the remaining one-fourth, coming from Canada, consists largely of wheat. U.S. grain exports are presently rather evenly divided between wheat and feedgrains. Significantly, the United States alone could export easily the entire sixty million tons yearly if it were to remove all remaining production constraints.

Several factors have contributed to North America's growing importance as a source of food for the rest of the world. Three of these stand out. On the demand side, both the forces identified by Malthus and the adverse influence of Marxian thought on agri-

WORLD GRAIN TRADE BY MAJOR GEOGRAPHIC REGIONS

Region	*1934–38*	*1960*	*Estimated 1966*
	(in million metric tons)		
North America	+ 5	+39	+60
Latin America	+ 9	0	+ 2
Western Europe	−24	−25	−23
Eastern Europe (incl. U.S.S.R.)	+ 5	0	−14
Africa	+ 1	− 2	− 3
Asia	+ 2	−16	−30
Oceania (Australia & N.Z.)	+ 3	+ 6	+ 8

Note: plus = net exports; minus = net imports. Minor imbalances between world imports and exports in a given year may be due to rounding or variations in reporting methods used by various countries.

culture in the communist countries have contributed to the steadily growing excess of food consumption over production outside North America. On the supply side, the massive application of science to agriculture in the United States has resulted in an impressive increase in its capacity for producing food, making it possible to respond to growing needs abroad.

II

Malthus first described the threat of uncontrolled population growth in 1797, nearly 170 years ago. His theory that population would tend to grow geometrically while food production would increase arithmetically has proved valid throughout much of the world. Half a century after his gloomy prognosis Ireland's population was sharply reduced by a famine.

It is commonly supposed that food shortages exist in the less developed countries because agriculture is performing poorly there. This is not exactly the case. Food production is increasing almost as rapidly in the less developed countries as in the developed ones. Between 1957-59 and 1966, total food production in the less developed countries increased 19 percent as compared to

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22 percent in the developed countries. But population growth rates in less developed countries were double those in the more advanced countries, largely offsetting the overall gains in food production. Latin America and Western Europe illustrate this. Both have expanded food production at about 2.5 to 3.0 percent annually over the past decade. In Europe, where population is increasing at about 1 percent per year, this has meant progress and a steady upgrading of diets. But in Latin America, where population has been multiplying at nearly 3 percent per year, food output per person has not been gaining.

Rates of population increase in the less developed countries today are without precedent. In several they are well above 3 percent yearly, in some instances approaching the biological maximum. Populations growing at 3 percent yearly double within a generation and multiply eighteenfold within a century. To the agriculturalist, this Malthusian arithmetic is frightening. A less developed country today is, almost by definition, one with a rapid rate of population growth. There are not many exceptions. The impact of modern health measures has reduced death rates, but comparable reductions in birth rates have not been achieved. Even a population growth rate of 3 percent could be tolerable if there were vast areas of fertile, well-watered land to be brought under the plow. But unfortunately, most of the frontiers have long since disappeared and the supply of new land which can be brought into production quickly and cheaply is fast diminishing.

The world food problem is, however, more than a race between food and people. In reality it is a race between the production of food and the demand for food. There are two reasons for the sharp increase in the world demand for food: population growth is one; the other is rising per capita incomes.

In some countries, rising incomes are generating more growth in the demand for food than is population increase. This is certainly the case in Japan, where incomes have risen 7 percent annually over the past decade, but where population has grown less than 1 percent annually. The same is also true for many countries in Europe, particularly West Germany, France, Sweden and Italy. To construe the problem merely as a race between food and people fails to grasp the whole issue.

In no country prior to World War II had population growth rates or per capita incomes risen rapidly over an extended period. High, sustained rates of growth in both population and income per

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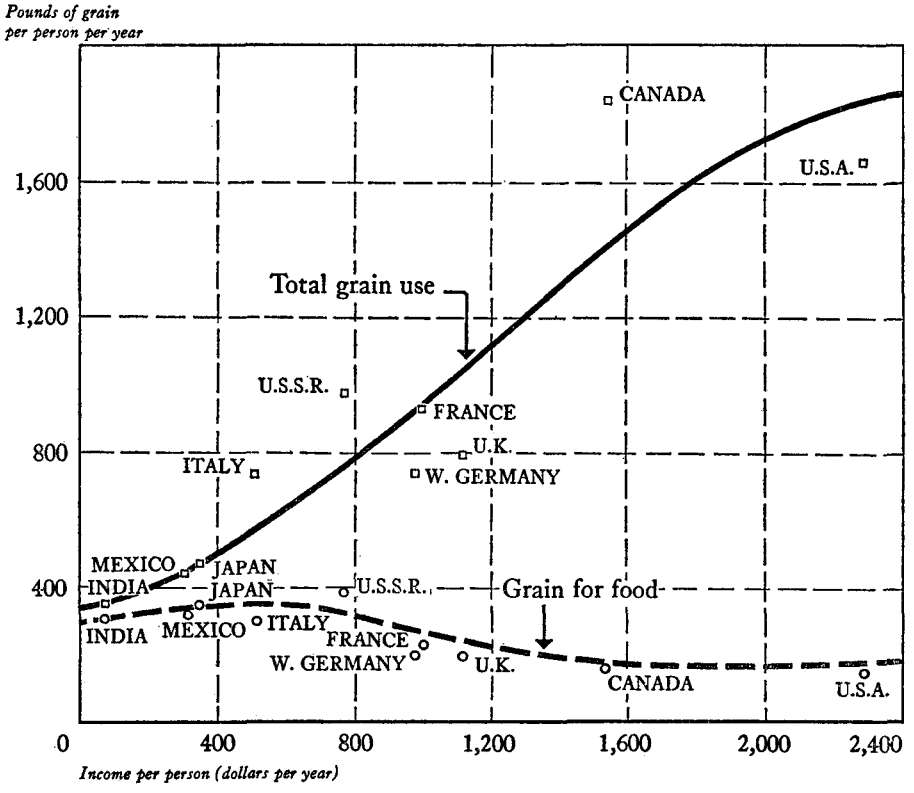
person are largely postwar phenomena, and to make things more difficult, they have occurred simultaneously. The result, in recent years, has been a rate of increase in demand which the world's farmers have not matched.

The difference in diets between a low-income, less developed country and a more advanced country such as the United States

INCOME AND PER CAPITA GRAIN CONSUMPTION, TOTAL AND FOR FOOD



or Canada is much more than merely the difference between 2,000 calories per person per day and 3,000 calories. Caloric intake measures only the quantitative aspects of diet. It gives no indication of quality; it does not show whether malnutrition exists—from, say, the lack of protein.

To provide the high-protein diet enjoyed by North Americans requires close to one ton of grain per person per year. Of this total only about 150 pounds are consumed directly as grain. Most of the remainder is consumed indirectly in the form of meat, milk and eggs. The amount of grain available per capita in the less

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developed nations averages about 400 pounds per year. Deducting some 10 percent of this for seed leaves 360 pounds for consumption, or less than one pound per person per day. Nearly all of this must be consumed directly to meet minimum energy requirements. Little is left for conversion into meat, milk and eggs—the traditional sources of protein in the more developed nations.

For every $2 rise in annual per capita income there is a corresponding rise in grain requirements of at least one pound. (See chart.) The significant point is that virtually every country, regardless of its level of development, is striving to improve per capita income over the next few years. If these plans succeed, much more food must be obtained somewhere.

III

Just as the developing countries are, almost by definition, countries with rapid rates of population growth, so communist countries are countries with a poorly performing farm sector. There are few, if any, significant exceptions. To name a communist country—Poland, Czechoslovakia, East Germany, the Soviet Union, Albania, Mainland China, Cuba—is to name a country having problems with agriculture.

All of these nations have claimed allegiance to Marxian thought—in agriculture as well as in the rest of the economy. Actually, Marx himself had little to say about agriculture. He was a city boy, primarily interested in diagnosing the social ills of early industrial societies. It was largely his followers who assumed that agriculture, like industry, could be readily organized on a large scale under state control. And it was they who went on to exploit agriculture in order to provide the basis for industrialization. Agriculture was given neither sufficient inputs nor incentives.

The communist countries are beginning to pay dearly for this policy. Food shortages have become a drain on their foreign exchange and a drag on their economic growth. The decision to organize agriculture on a large-scale, authoritarian basis has cost the communist countries literally billions of dollars in inefficiently used resources and lost economic growth.

Khrushchev's rise to power was closely followed by several efforts to cure Russia's farm ills. The Machine Tractor Stations were abolished; large areas were planted to corn in an effort to emulate successes in the American Midwest; and vast areas of virgin land were plowed and planted to wheat in areas of marginal

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rainfall. Output did increase from 1954 to 1957, and in 1958 Khrushchev promised the Soviet people that they would soon surpass the Americans in per capita production of meat, milk and eggs. At the same time, however, investment in agriculture was reduced. In the following years, output stagnated at 1958 levels. Yet in 1963 when I visited the Kremlin, Khrushchev was still bragging loudly. That year drought struck, accentuating an already weak position, and in 1964 the Soviet Union imported more wheat than any country in history. Khrushchev was out of office before drought occurred again in 1965.

The dramatic reversals in Chinese agriculture, following the Great Leap of 1958 and during the early 1960s, were equally abrupt. Many, principally those who had failed to gauge the weaknesses of the Great Leap, particularly in agriculture, were much surprised in 1961 when China turned to Western countries for several million tons of imported grain. This continuing dependence on food from abroad probably reveals more accurately than any other available information the true state of affairs in Chinese agriculture. Another indicator is the reported effort to move twenty million urban immigrants back to the rural areas from whence they came "to provide more labor to produce food." What it may disclose is not so much a shortage of labor in the countryside as the inability of the Peking régime to procure food in the countryside for movement to the cities. To avoid hunger and possibly famine in the cities, Peking has imported food from abroad and exported people back to the countryside where their village kin are more willing to share their food with them.

A generation ago Mainland China was the leading producer of soybeans, supplying some 90 percent of all the soybeans entering the world market. In recent years, however, a steadily expanding population has reduced the outflow of soybeans to a trickle. Today, the United States produces three-fourths of the world soybean crop, enabling it to provide some 90 percent of the soybeans entering a vastly enlarged international market.

Mainland China is, perhaps ominously, suffering from both the influence of Marx and the forces identified by Malthus.

IV

Offsetting the effects of the forces described by Malthus and the adverse influence of Marxian thought on food production has been the impressive development of North America's capacity for

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producing food. Several factors have contributed to this. To begin with, the United States has an excellent piece of agricultural real estate. Its Midwest, or Corn Belt, is one of the largest areas of fertile, well-watered farmland in the world. The only other areas even remotely approaching it in both size and inherent fertility are Northwestern Europe, the pampas of Argentina and the Gangetic plain of India.

Not only did we start with good farmland but we have done an excellent job of developing it. Through scientific soil and water management we have made inherently fertile soils even more fertile. Perhaps the most important single factor contributing to our unparalleled productivity has been the family farm. As a production unit it is the most efficient yet devised. Other forms of production organization are in use or have been experimented with, but most have not worked well. This is particularly true for most of the systems embodying very large production units such as collectives, communes or haciendas. The family farm, where the social unit and the production unit are identical, provides a stronger link between effort and reward than any other system. As a result, they are continuing to grow in both size and efficiency. Although many of these production units run up to several hundred acres in size and have assets frequently exceeding $100,000, they are not corporate farms. They are still family units, owned and operated by the family, using mostly family labor. The number of large corporate farms is exceedingly small, and actually declining.

Another factor contributing to the success of American agriculture has been the careful delineation of the government's role. There seems to be a great deal of confusion as to the proper role for the public and private sectors in many of the hungry countries today. The record of U.S. agriculture provides some clues. The government has never been directly engaged in agricultural production. Actions such as the Homestead Act of 1862 were specifically designed to encourage private settlement and production. Neither has the government engaged in producing and distributing any of the multitude of inputs that modern agriculture requires. This has been left entirely to private industry.

Conversely, we did decide that government should conduct agricultural research and education. The idea that problems in agriculture should be subject to systematic research took root over a century ago. The first publicly supported agricultural

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research in the United States took place before the Civil War in the Patent Office, the predecessor of the Department of Agriculture. Since the passage of the Hatch Act in 1887, the Land Grant Colleges have been an important partner in agricultural research. This government-sponsored work was the precursor of the concept of research and development in modern industry. We also decided at an early date that the government should be involved in extending new ideas and techniques from the laboratory and experimental plot to the farm. The result has been our widely respected Extension Service. The discoveries made through research sponsored by the Department of Agriculture are public property. As soon as new varieties are developed they are released, to be multiplied and distributed by private industry, hopefully at a profit. Similarly, when the process for developing frozen citrus concentrates had been perfected in Department laboratories, it was turned over to private industry.

Public policy recognized, after much struggle, that three million production units—producing literally dozens of different commodities and scattered throughout the United States—are not likely to be able to bargain effectively with the non-farm economy. As a result, government has influenced the terms of trade between farmers and the rest of the economy, generally by means of price supports. This policy, dating from the late 1930s, was instrumental in triggering what we now term the modern agricultural revolution. The effect of an assured price level backed by government is to encourage farmers to invest both short-term production capital in fertilizer and in superior but expensive seed of new and improved varieties; and longer term capital in productive capacity—in irrigation, drainage and other improvements in land and other capital assets.

Governments in nearly all of the countries with modern, productive agriculture now operate price-support programs for principal crops. Thus we see government serving as a guarantor of minimum price, a referee in the marketplace and a catalyst to technological progress. This is not to say that the pattern we have chosen to follow in the United States is the precise policy that should be adopted by the developing countries, but it may be a useful guide. Involving government too directly in agriculture —often for political reasons—has resulted in a great waste of resources in developing countries.

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V

Inevitably, the agricultural successes of the North American breadbasket and stagnation in communist agriculture have affected the balance of power between East and West. Indeed, North American food and our capacity for producing it have been instrumental in tilting the scales in favor of the West.

About the same time as Khrushchev's 1958 promise of a better diet and, implicitly, a better performance in agriculture, the Soviet leaders were also challenging the United States to a general economic competition. This was to replace the more overt military and political competition characterizing the earlier stages of the cold war. In some areas of economic competition the Soviets are performing exceedingly well. The overwhelming advantage we once enjoyed in the production of steel has been narrowed; the generation of hydroelectric power has increased rapidly in the Soviet Union, narrowing the gap between the two economies; in the space race we do not know whether the language first spoken on the moon will be English or Russian.

But in agriculture there is no contest. The United States, with scarcely 6 percent of its people still on the farm, is feeding 200 million Americans, 60 million Indians and the equivalent of at least another 100 million people in other parts of the world. The Soviets, by contrast, with close to half of their labor force still tied to agriculture, are importing grain to provide bread for their people. If we were as far ahead of the Russians in the space race as we are in agriculture, we would by now be running a shuttle service to the moon.

The impressive food-producing capability of North America and our growing lead over the countries of the East are beginning to have an impact on the countries of the Third World. During the early post-colonial years, many of the newly independent peoples could be satisfied with slogans and flag waving. Now they are hungry; they want food, not slogans. Rising rice prices in Djakarta helped to undermine Sukarno. Empty shelves in the food shops of Accra contributed to the overthrow of Nkrumah. More and more, the less developed countries are turning for assistance to those with food and food-producing know-how.

Our unmatched food-producing capability has strengthened our foreign policy immeasurably. For instance, during the period since World War II, and particularly since the communist takeover of the Chinese Mainland in 1949, the Japanese and U.S.

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economies have become increasingly integrated. Traditionally, China and Japan were natural trading partners, with China supplying basic raw materials and foodstuffs in exchange for Japanese manufactures; Japan looked to China for much of its imports of soybeans, rice and other farm products. But China can no longer supply Japan's needs. Today, Japan looks to the United States for the bulk of its imports of farm products—wheat, rice, feedgrains, soybeans and cotton. The flow of farm commodities crossing the Pacific from the United States to Japan may exceed $1 billion in 1967. Without our ability to generate huge farm exports, these strong economic ties could not have developed. In geographic terms Japan is off the coast of China, but in economic terms it is just off the coast of California. This is but one of the more dramatic illustrations of the value of a productive farm sector in supporting our foreign policy.

The growing food deficits common to nearly all the communist economies are causing them to become politically and militarily vulnerable. During the early 1950s the Communist Chinese did not hesitate to intervene massively in the Korean conflict, but today, though they have threatened to intervene in Viet Nam, in fact they have not done so. Nor do I think they will. During the early 1950s China was self-sufficient in food production. During the 1960s, however, it has imported five to six million tons of grain annually. In addition, its dependence on imported fertilizer has increased to the point where it is now the world's leading importer. Significantly, nearly all the imports of both food and fertilizer come from the West—Australia and Canada in the case of grain, Western Europe and Japan in the case of fertilizer.

Combined imports of food grains and fertilizer into China now require nearly 40 percent of her total export earnings. Data on food production trends within China are unreliable but the fact that the Chinese leadership, intent on industrializing, is willing to use such a large share of available foreign exchange for food and fertilizer—essentially consumer goods—indicates just how hard pressed the Chinese are on the food front. In the event of a showdown with the Chinese in Viet Nam, or anywhere else in Asia, it is quite likely that exports of food from Australia and Canada would cease. Imports of fertilizer might also be halted, and China would then face a near famine or possibly worse.

Food deficits in Eastern Europe are also affecting the relationships between countries. The fact that nearly all the COMECON

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countries have grain deficits has loosened the economic and, therefore, the political ties binding them together. As recently as the early 1960s, the Soviet Union was supplying large quantities of grain to the East European countries in exchange for industrial products, such as chemicals from East Germany and machine tools from Czechoslovakia. As of the mid-1960s, however, the East European countries are turning increasingly to Canada for wheat and to the United States for feedgrains. East Germany, once the breadbasket of all Germany, must today import large and growing quantities of food and feed. The East European countries are finding that their natural trading partners lie to the West as well as to the East.

The embarrassing food shortages plaguing almost every communist economy are causing governments to invest more resources in agriculture, with the result that production is likely to increase. The Soviet Union enjoyed a bumper crop in 1966. This is not to say, however, that it, or any of the other communist countries, will become a leading grain exporter. The pressure for internal improvement in diets, as the standard of living improves, is too great. Some very substantial gains in grain production will be required before the Soviet Union can satisfy the growing desire of its people for more meat, milk and eggs.

As agriculture failed in one communist country after another, and they turned to the West for food imports, the communist strategists in Moscow must have faced a dilemma as they plotted their takeover of the world. What if they were successful? Who would be left to feed them?

VI

As the East-West ideological conflict begins to fade, it is clear that a new North-South polarization is beginning to take shape between the have and have-not countries. This new polarization —which is essentially economic rather than political—threatens to be a pervasive and divisive force. In spite of all the rhetoric describing the need to narrow the gap, the gulf is widening, both absolutely and relatively. Nowhere is this growing gap so painfully evident as in the case of food.

For the past seven years, increases in world food production have almost exactly equalled those in population growth. But the expansion in production plus the continuing reduction in stocks in recent years have not been sufficient to cover the additional

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demand created by rising incomes. The result has been rising prices for basic food commodities such as wheat and rice, both within individual countries and in world markets.

Those countries which are more advanced and which have stronger purchasing power have been increasing their per capita consumption. In several countries where purchasing power is weak, either because of a lack of income or lack of foreign exchange, per capita consumption has declined. Two drought years are only a partial explanation of why per capita food supplies in India in 1966–67 were 5 percent below those of the early 1960s.

This decline, of course, has been concentrated in the low-income groups. Those of middle and upper income have increased their expenditures for food to offset at least partially the rise in prices. Those at the bottom of the economic scale, already using most of their income to buy their meager daily rations of food, have not been able to do so. When they have tightened their belts to the last notch, they take to the streets. Food demonstrations or riots erupt periodically, and with increasing frequency, in the major cities of Asia, North Africa and Latin America.

Perhaps the best illustration of just how acute this problem is becoming is the trend in rice prices in recent years. Nearly all of the world's rice-consuming peoples, except the Japanese, are continuing to multiply at an unabated rate. The area of land which can be used to produce rice, however, is rather rigidly defined by temperature, the availability of water and type of soil. The result has been a growing worldwide shortage of rice and rising prices over the past few years, and particularly the last several months. The price of rice, traditionally somewhat higher than wheat, has now climbed to the point where a ton of rice can be exchanged for two tons of wheat in the world grain market. Although this has not seriously affected the more advanced countries such as Japan or the smaller rice-importing countries of Europe, it has sharply reduced the ability of low-income, rice-consuming countries to import the rice they need.

An analysis of the trends in world stocks of grain—held almost entirely by the major exporters of wheat, feedgrains and rice—shows the emergence of some new and disturbing trends. During the eight years from 1953 to 1961, world grain stocks increased by an average margin of nine million tons each year. During this period world production was running ahead of consumption. During the six years from 1961 until 1967, world stocks of grain

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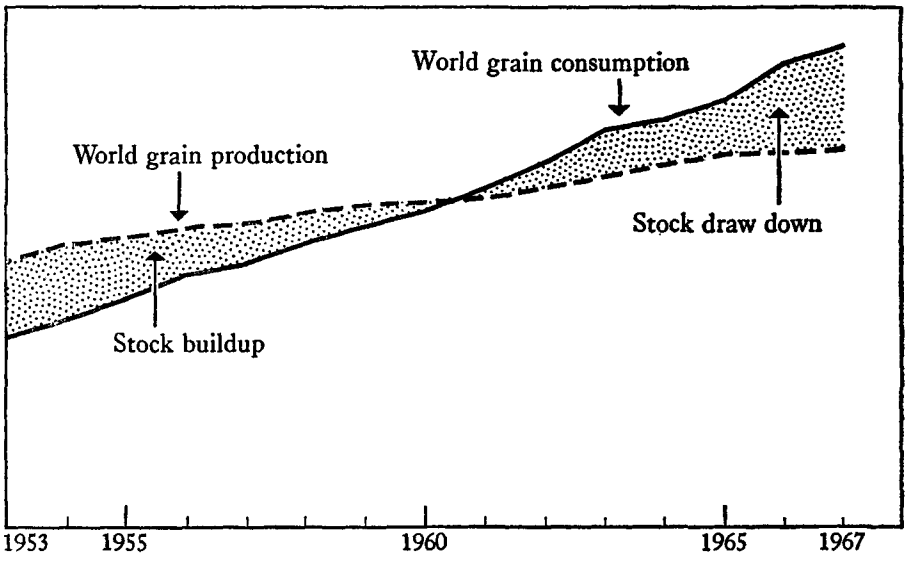
declined each year. Most of this decline, averaging fourteen million tons per year, took place in the United States. This means that since 1961 grain consumption has been exceeding production by 1.4 percent a year. Stated otherwise, production is going up only 2 percent a year, while consumption has been increasing at about 3.4 percent annually.

This excess of consumption over production has been met by using the surplus stocks held by the major exporting countries, particularly the United States. But if food deficits continue to

WORLD GRAIN PRODUCTION NOW LAGGING BEHIND CONSUMPTION



grow in the less developed countries, the exporting nations will not be able to fill the growing food gap. Five years ago, we in the United States had the world's two major reserves in the race between food needs and food production: some fifty million tons of excess grain in storage, and a large area of fertile cropland made idle under our farm programs. During the early 1960s, idle cropland increased and in 1966 exceeded fifty million acres. Decisions within the past year to increase acreages of wheat, feedgrains, rice and soybeans will bring nearly one-half of this cropland back into production. Once this ready reserve is exhausted, it will become much more difficult for the world to achieve any abrupt increases in production to meet additional demand.

Since World War II, and more particularly since passage of

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Public Law 480, the 1954 enabling legislation for our food aid program, the United States has been attempting to alleviate world hunger by shipping food abroad. By the end of 1966, about 176 million metric tons of food worth $15.7 billion had been shipped abroad under concessional terms. Despite this massive program we are still as far from solving the problem as when we began—perhaps further than ever.

The growing economic distance between the have countries of the North and the have-not countries of the South is, moreover, now a source of social unrest and political instability. Secretary Robert McNamara gave a speech in Montreal last May in which he pointed out the relationship between the living standards in various countries and the incidence of social unrest and violent political upheaval. In that speech he made a short but very significant statement: "Security is development." For our purposes I would like to narrow that a bit and say "Security is food." Without an adequate supply of food in the developing countries, the prospects for economic and political stability are not good.

If we are ever to solve the world food problem, we must now begin concentrating in earnest on increasing food production in the less developed nations. We have a pretty good idea of what is needed. In varying proportion according to particular situations, the hungry countries need: increased quantities of fertilizer and other farm chemicals, improved varieties of seeds, increased availability of water, added credit, productive price policies, improved marketing facilities and expanded research and education. What makes progress so difficult is that most of these must be brought together at the same time and place.

It is well recognized that these inputs are in short supply in most of the less developed nations. But one key item that is perhaps less well recognized is the lack of trained agriculturalists. Skilled and educated manpower is essential in every phase of a program designed to improve the production and marketing of agricultural products. Yet in virtually none of the less developed nations is the supply of trained manpower in agriculture anywhere near adequate. In many cases, there is only a handful of educated researchers, planners and extension workers. Colleges of agriculture are few and their output small.

By comparison, in the United States we have land-grant institutions in every state, plus many privately supported institutions, which have been graduating trained agriculturalists for many

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decades. We have a relatively vast reservoir of highly skilled professional manpower (although still more is needed). In the Department of Agriculture alone we have 40,000 professional agriculturalists, only a few of whom are in Washington; most are working in the field throughout the 3,100 counties in the United States. These professionals include agronomists, entomologists, plant geneticists, agricultural economists and a host of others needed to develop and maintain high levels of productivity.

Until the less developed nations can build up cadres of trained personnel of their own, the logical approach is to make use of agriculturalists from the advanced nations. The United States has, for many years, been loaning know-how through A.I.D. and its predecessor agencies, and through programs operated by State universities and private consulting organizations. More recently these programs have been broadened to include the Department of Agriculture through the establishment of an International Agricultural Development Service which is financed by, and works closely with, A.I.D.

In addition to providing trained biological and social scientists, the Department is increasingly called upon to assist in formulating the policies so essential for rapid progress in agriculture. Food price policies must become producer oriented, providing the farmer with a price for his products which makes the use of modern agricultural technology profitable. Policies governing foreign private investment must encourage the influx of capital, management and marketing know-how needed to produce and distribute the sorely needed inputs.

This is not a job government can or should do alone. The participation and coöperation of industry—with its special skills and resources—is also urgently needed. As a nation we must cease asking how much it will cost to solve the food/population problem and begin asking how much it will cost if we fail to solve the problem in the allotted time. Time is the critical dimension. Today's hungry countries must compress the progress of centuries into decades and decades into years if they are to feed their rapidly multiplying peoples. Our aid is essential. As a nation we must now exercise the same imagination and resourcefulness which brought us to our current position of world agricultural leadership. We must devise more effective ways of linking our skills in producing food with the needs of the less fortunate multitudes abroad. The challenge has never been greater, or the stakes higher.

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AMERICAN INTELLECTUALS AND FOREIGN POLICY

By Irving Kristol

A recent letter to *The New York Times,* complaining about the role of the academic community in opposing President Johnson's Viet Nam policy, argued that "it is not clear why people trained in mathematics, religion, geology, music, etc., believe their opinions on military and international problems should carry much validity." And the letter went on: "Certainly they [the professors] would oppose unqualified Pentagon generals telling them how to teach their course."

One can understand this complaint; one may even sympathize with the sentiments behind it. The fact remains, however, that it does miss the point. For the issue is not intellectual competence or intellectual validity—not really, and despite all protestations to the contrary. What is at stake is that species of power we call moral authority. The intellectual critics of American foreign policy obviously and sincerely believe that their arguments are right. But it is clear they believe, even more obviously and sincerely, that *they* are right—and that the totality of this rightness amounts to much more than the sum of the individual arguments.

An intellectual may be defined as a man who speaks with general authority about a subject on which he has no particular competence. This definition sounds ironic, but is not. The authority is real enough, just as the lack of specific competence is crucial. An economist writing about economics is not acting as an intellectual, nor is a literary critic when he explicates a text. In such cases, we are witnessing professionals at work. On the other hand, there is good reason why we ordinarily take the "man of letters" as the archetypical intellectual. It is he who most closely resembles his sociological forbear and ideal type: the sermonizing cleric.

Precisely which people, at which time, in any particular social situation, are certified as "intellectuals" is less important than the fact that such certification is achieved—informally but indisputably. And this process involves the recognition of the intellectual as legitimately possessing the prerogative of being moral guide and critic to the world. (It is not too much of an exaggeration to say that even the clergy in the modern world can claim this prerogative only to the extent that it apes the intellectual class.

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It is the "writing cleric," like the "writing psychoanalyst," who achieves recognition.) But there is this critical difference between the intellectual of today and the average cleric of yesteryear: the intellectual, lacking in other-worldly interests, is committed to the pursuit of temporal status, temporal influence and temporal power with a single-minded passion that used to be found only in the highest reaches of the Catholic Church. Way back in 1797, Benjamin Constant observed that "in the new society where the prestige of rank is destroyed, we—thinkers, writers, and philosophers—should be honored as the first among all citizens." The only reason Constant did not say "we intellectuals" is that the term had not yet come into common usage.

It is simply not possible to comprehend what is happening in the United States today unless one keeps the sociological condition and political ambitions of the intellectual class very much in the forefront of one's mind. What we are witnessing is no mere difference of opinion about foreign policy, or about Viet Nam. Such differences of opinion do exist, of course. Some of the most articulate critics believe that the United States has, through bureaucratic inertia and mental sloth, persisted in a foreign policy that, whatever its relevance to the immediate postwar years, is by now dangerously anachronistic. They insist that the United States has unthinkingly accepted world responsibilities which are beyond its resources and that, in any case, these responsibilities have only an illusory connection with the enduring national interest. These men may be right; or they may be wrong. But right or wrong, *this* debate is largely irrelevant to the convulsion that the American intellectual community is now going through—even though occasional references may be made to it, for credibility's sake. One does not accuse the President of the United States and the Secretary of State of being "war criminals" and "mass murderers" because they have erred in estimating the proper dimensions of the United States' overseas commitments. And it is precisely accusations of this kind that are inflaming passions on the campus, and which are more and more coming to characterize the "peace movement" as a whole.

What we are observing is a phenomenon that is far more complex in its origins and far-reaching in its implications. It involves, among other things, the highly problematic relationship of the modern intellectual to foreign affairs, the basic self-definition of the American intellectual, the tortured connections between

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American liberal ideology and the American imperial republic, and the role of the newly established academic classes in an affluent society. Above all, it raises the question of whether democratic societies can cope with the kinds of political pathologies that seem to be spontaneously generated by their very commitment to economic and social progress.

II

No modern nation has ever constructed a foreign policy that was acceptable to its intellectuals. True, at moments of national peril or national exaltation, intellectuals will feel the same patriotic emotions as everyone else, and will subscribe as enthusiastically to the common cause. But these moments pass, the process of disengagement begins, and it usually does not take long for disengagement to eventuate in alienation. Public opinion polls generally reveal that the overwhelming majority of ordinary citizens, at any particular time, will be approving of their government's foreign policy; among intellectuals, this majority tends to be skimpy at best, and will frequently not exist at all. It is reasonable to suppose that there is an instinctive bias at work here, favorable to government among the common people, unfavorable among the intellectuals.

The bias of the common man is easy to understand: he is never much interested in foreign affairs; his patriotic feelings incline him to favor his own government against the governments of foreigners; and in cases of international conflict, he is ready to sacrifice his self-interest for what the government assures him to be the common good. The persistent bias of intellectuals, on the other hand, requires some explaining.

We have noted that the intellectual lays claim—and the claim is, more often than not, recognized—to moral authority over the intentions and actions of political leaders. This claim finds concrete rhetorical expression in an ideology. What creates a community of intellectuals, as against a mere aggregate of individuals, is the fact that they subscribe—with varying degrees of warmth, or with more or less explicit reservations—to a prevailing ideology. This ideology permits them to interpret the past, make sense of the present, outline a shape for the future. It constitutes the essence of their rationality, as this is directed toward the life of man in society.

Now, it is the peculiarity of foreign policy that it is the area of

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public life in which ideology flounders most dramatically. Thus, while it is possible—if not necessarily fruitful—to organize the political writings of the past three hundred years along a spectrum ranging from the ideological "left" to the ideological "right," no such arrangement is conceivable for writings on foreign policy. There is no great "radical" text on the conduct of foreign policy —and no great "conservative" text, either. What texts there are (*e.g.* Machiavelli, Grotius, in our own day the writings of George Kennan and Hans Morgenthau) are used indifferently by all parties, as circumstance allows.

And we find, if we pursue the matter further, that the entire tradition of Western political thought has very little to say about foreign policy. From Thucydides to our own time, political philosophy has seen foreign affairs as so radically affected by contingency, fortune and fate as to leave little room for speculative enlightenment. John Locke was fertile in suggestions for the establishment and maintenance of good government, but when it came to foreign affairs he pretty much threw up his hands: "What is to be done in reference to foreigners, depending much upon their actions and the variation of designs and interests, must be left in great part to the prudence of those who have this power committed to them, to be managed by the best of their skill for the advantage of the Commonwealth."

The reasons why this should be so are not mysterious. To begin with, the very idea of "foreign policy" is so amorphous as to be misleading. As James Q. Wilson has pointed out, it is not at all clear that a State Department can have a foreign policy in a meaningful sense of that term—*i.e.* one "policy" that encompasses our economic, military, political and sentimental relations with nations neighborly or distant, friendly or inimical. Moreover, whereas a national community is governed by principles by which one takes one's intellectual and moral bearings, the nations of the world do not constitute such a community and propose few principles by which their conduct may be evaluated. What this adds up to is that ideology can obtain exasperatingly little purchase over the realities of foreign policy—and that intellectuals feel keenly their dispossession from this area. It is not that intellectuals actually believe—though they often assert it—that the heavy reliance upon expediency in foreign affairs is intrinsically immoral. It is just that this reliance renders intellectuals as a class so much the less indispensable: to the extent that expediency

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is a necessary principle of action, to that extent the sovereignty of intellectuals is automatically circumscribed. It is only where politics is ideologized that intellectuals have a pivotal social and political role. To be good at coping with expediential situations you don't have to be an intellectual—and it may even be a handicap.

It is this state of affairs that explains the extraordinary inconsistencies of intellectuals on matters of foreign policy, and the ease with which they can enunciate a positive principle, only in the next breath to urge a contrary action. So it is that many intellectuals are appalled at our military intervention in Southeast Asia, on the grounds that, no matter what happens there, the national security of the United States will not be threatened. But these same intellectuals would raise no objection if the United States sent an expeditionary force all the way to South Africa to overthrow apartheid, even though South Africa offers no threat to American security. So it is, too, that intellectual critics are fond of accusing American foreign policy of neglecting "political solutions" in favor of crude military and economic action—thereby demonstrating their faith that, if foreign policy were suffused with sufficient ideological rationality, it would dissolve the recalcitrance that mere statesmen encounter. And when the statesman candidly responds that he is coping, not with problems, but with an endless series of crises, and that he really has no way of knowing beforehand what "solution," if any, is feasible, he is simply reinforcing the intellectual's conviction that the managers of foreign affairs are, if not more wicked than he is, then certainly more stupid. Usually, he will be willing to think they are both.

Charles Frankel has written that "international affairs are peculiarly susceptible to galloping abstractions"[1] and has stressed that "intellectuals, more than most other groups, have the power to create, dignify, inflate, criticize, moderate or puncture these abstractions." In the event, intellectuals rarely moderate or puncture, but are diligent in inflation. Abstractions are their life's blood, and even when they resolutely decide to become "tough-minded" they end up with an oversimplified ideology of Realpolitik that is quite useless as a guide to the conduct of foreign affairs and leads its expounders to one self-contradiction after another. But the important point is not that intellectuals are

[1] Charles Frankel, "The Scribblers and International Relations," *Foreign Affairs*, October 1965.

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always wrong on matters of foreign policy—they are not, and could not possibly be, if only by the laws of chance. What is striking is that, right or wrong, they are so often, from the statesman's point of view, irrelevant. And it is their self-definition as ideological creatures that makes them so.

III

In the United States, this ideological self-definition has taken on a very special form, and the relation of the American intellectual to foreign policy has its own distinctive qualities. Just how distinctive may be gathered from asking oneself the following question: Is it conceivable that American intellectuals should *ever* disapprove of *any* popular revolution, anywhere in the world —whatever the express or implicit principles of this revolution? One can make this question even sharper: Is it conceivable for American intellectuals ever to approve of their government suppressing, or helping to frustrate, any popular revolution *by poor people*—whatever the nature or consequences of this revolution? The answer would obviously have to be in the negative; and the implications of this answer for American foreign policy are not insignificant. This policy must work within a climate of opinion that finds the idea of a *gradual* evolution of traditional societies thoroughly uninteresting—which, indeed, has an instinctive detestation of all traditional societies as being inherently unjust, and an equally instinctive approval, as being inherently righteous, of any revolutionary ideology which claims to incorporate the people's will.

As a matter of fact, even though official policy must obviously be based on other considerations, the makers of policy themselves find it nearly impossible to escape from this ideological framework. The State Department, for example, is always insisting that the United States is a truly revolutionary society, founded on revolutionary principles and offering a true revolutionary promise—as contrasted with the communists' spurious promises. The intellectual critics of American foreign policy deny that any such revolutionary intention or program exists—but think it ought to. There are precious few people in the United States who will say aloud that revolutionary intentions are inconsistent with a prudent and responsible foreign policy of a great power. Oddly enough, to hear this point made with some urgency these days, one has to go to the Soviet Union.

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The American intellectual tradition has two profound commitments: to "ideals" and to "the people." It is the marriage of these two themes that has made the American mind and given it its characteristic cast—which might be called *transcendentalist populism.*

The "transcendentalist" theme in American thought is linked to a disrespect for tradition, a suspicion of all institutionalized authority, an unshakable faith in the "natural" (what once was called "divine") wisdom of the sincere individual, an incorruptible allegiance to one's own "inner light." The American intellectual sees himself as being in perpetual "prophetic confrontation" with principalities and powers. (That very phrase, "prophetic confrontation," has lately been used by Hans Morgenthau to define the proper stance of the intellectual vis-à-vis his government's policies.) Tell an American intellectual that he is a disturber of the intellectual peace, and he is gratified. Tell him he is a reassuring spokesman for calm and tranquillity, and he will think you have made a nasty accusation.

This transcendentalist "protestantism" of the American intellectual derives from the history of American Protestantism itself —as does his near-mystical celebration of "the people." Indeed, the two themes have evolved as part of one historical process, which has been concisely described by the historian, Russell B. Nye:

> From the mid-18th century to the mid-19th in American thought . . . the accepted version of the individual's power to grasp and interpret God's truth underwent a complete change—from Calvin's dependence on the Bible . . . to Deism's grant to man of equal sovereignty in a universe of reason, to Channing's transfer of sovereignty from Bible and church to man, and finally to the *self*-reliance of Emerson, Parker, and Thoreau. The lines of thought moved from Mather's distrust of man, to Jefferson's qualified confidence in him, to Emerson's and Jackson's deep and abiding faith in his capacity to find out and act upon divine truth.[2]

This evolution, which might be called the democratization of the spirit, has created an American intellectual who is at one and the same time (a) humble toward an idealized and mythical prototype of the common man (if the people have a quasi-ecclesiastical function, to oppose them in any consistent way partakes of heresy) and (b) arrogant toward existing authority, as presumptively representing nothing but a petrified form of

[2] Russell B. Nye, "The Search for the Individual, 1750–1850," *The Centennial Review,* Winter 1961.

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yesteryear's vital forces. It has also had a peculiar effect upon the politics of American intellectuals, which is more often than not a kind of transcendentalist politics, focusing less on the reform of the polity than on the perfection and purification of self in opposition to the polity. Just as the intellectual opposition to slavery in the 1830s and 1840s paid little attention to the reform of particular institutions but focused primarily on the need for the individual to avoid being compromised and contaminated by this general evil, so in the 1960s what appears most to torment our academic intellectuals is the morality of their own actions—whether they should coöperate with Selective Service, accept government contracts, pay taxes, etc. At both times, the issue of individual, conscientious "civil disobedience" has become acute. It is instructive to note that, though the British Labor Party bitterly opposed British imperialism for over five decades, its opposition never took any such form. This is some measure of the difference between a political tradition and one that transcends mere politics.

The United States, to be sure, does have its own political tradition. And though the American intellectual tradition has suffused all areas of American life, it has never completely overwhelmed the political. This latter, mainly the creation of American Whiggery, is incarnated in our major institutions and finds its literary expression in such documents as the Constitution, the Federalist Papers, some presidential addresses, judicial decisions, etc. This tradition is still very much alive in our law schools and helps explain why these schools play so singular a role in our political life. But among intellectuals it has never enjoyed much favor, being thought to be inherently conservative and non-democratic. The American intellectual of today is far more comfortable listening to a "protest folk song"—the truly indigenous art form of transcendental populism—than he is listening to a grave and solemn debate over a matter of policy. Witness the way in which the one genre has overwhelmed the other in the "teach-in."

Precisely what an American intellectual does *not* believe was most elegantly expressed by Sir Thomas More, in the discussion of an intellectual's obligation in his "Utopia":

> If evil persons cannot be quite rooted out, and if you cannot correct habitual attitudes as you wish, you must not therefore abandon the commonwealth. . . . You must strive to guide policy indirectly, so that you make the best of things, and what you cannot turn to good, you can at least make less

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bad. For it is impossible to do all things well unless all men are good, and this I do not expect to see for a long time.

There have been, of course, some American intellectuals who have followed Sir Thomas More's direction. For their efforts and pains, they have been subjected to the scorn and contempt of the intellectual community as a whole. (Arthur Schlesinger, Jr., Eric Goldman and John Roche could provide us with eloquent testimony on this score.) This community, unlike Sir Thomas More, is quite convinced that all men are indeed good and that any such modest and compromising involvement with political power can represent only a corruption of the spirit.

IV

The transformation of the American republic into an imperial power has sharply exacerbated the relations between the intellectual and the makers of foreign policy. The term "imperial power" is merely a synonym for "great power" and is not necessarily the same thing as "imperialistic" power. But there would seem to be a gain in clarity, and a diminution of humbug, in insisting on the use of the more provocative phrase. There are a great many people who appear to think that a great power is only the magnification of a small power, and that the principles governing the actions of the latter are simply transferrable—perhaps with some modification—to the former. In fact, there is a qualitative difference between the two conditions, and the difference can be summed up as follows: a great power is "imperial" because what it does *not* do is just as significant, and just as consequential, as what it does. Which is to say, a great power does not have the range of freedom of action—derived from the freedom of inaction—that a small power possesses. It is entangled in a web of responsibilities from which there is no hope of escape; and its policy-makers are doomed to a strenuous and unquiet life, with no prospect of ultimate resolution, no hope for an unproblematic existence, no promise of final contentment. It is understandable that these policy-makers should sometimes talk as if some particular redirection of policy, of any great power, is capable of terminating the tensions inherent in this imperial condition. But it is foolish for us to believe them; and it is even more foolish for them to believe themselves. It is no accident that all classical political philosophers, and all depicters of utopia, have agreed that, to be truly

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happy, a human community should be relatively small and as isolated as possible from foreign entanglements.

Indeed, this utopian ideal is a major historic theme of American foreign policy, being at the root of what we call "isolationism." And so long as the United States was not a great power, it was not entirely utopian. The American republic, until the beginning of the twentieth century, was genuinely isolationist, and isolationism made both practical and idealistic sense. Practical sense, because the United States was geographically isolated from the main currents of world politics. Idealistic sense, because the United States could feel—and it was no illusion—that it served as a splendid and inspiring example to all believers in popular government everywhere, and that this exemplary role was more important than any foreign actions it might undertake, with the limited resources at its command. True, at the same time that the United States was isolationist, it was also expansionist. But there is no necessary contradiction between these two orientations, even though some modern historians are shocked to contemplate their coexistence. Most of the territories that the United States coveted, and all that were acquired, prior to the Civil War, were thinly populated—there was no subjugation of large, alien masses. And the intent of this expansion was always to incorporate such territories into the United States on absolutely equal terms, not to dominate them for any reasons of state. The idea of "manifest destiny" was therefore easily reconcilable to the isolationist idea. This reconciliation became troublesome only when expansion threatened to disturb the regional balance of power within the republic. Thus, the opposition to the Mexican War among some Northerners was intense, because it meant a possible accretion to the power of the "slavocracy." But there would otherwise have been little opposition to westward and southwestern expansion; and, once the war was over, no one thought for a moment of giving these territories back to Mexico or permitting them to evolve into independent national entities.

In the end, of course, "manifest destiny" did write an end to American isolationism, by establishing the material conditions for the emergence of the United States as a great power. But the isolationist idea, or at least crucial aspects of it, survived—not simply as some kind of "cultural lag," but by reason of being so intimately conjoined to "the American way of life," and to the American intellectual creed. This way of life insisted upon the

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subordination of public policy to private, individual needs and concerns. It had little use for the idea of military glory, which Abraham Lincoln called "that attractive rainbow that rises in showers of blood—that serpent's eye that charms to destroy." It was intensely patriotic, but allergic to all conceptions of national *grandeur*. The United States was tempted to a brief fling at European-style imperialism under Presidents McKinley and Theodore Roosevelt, but found the experience disagreeable, and that enterprise was gradually liquidated. When the American democracy entered World War I, it was in no imperial frame of mind. On the contrary, the whole point of the Wilsonian "crusade" was to rid the world of imperial politics. One can almost say that this crusade was a penultimate outburst of the isolationist spirit, in that its goal was a happy, self-determined existence for all the individuals on this earth—*une vie à l'Américaine*—without any further cruel violations of it by international power politics.

The disillusionment consequent upon this crusade prepared the way for the United States to enter history as an imperial power. To be sure, its most immediate effect was to stimulate a purely geographic isolationism that was shot through with streaks of xenophobia. But this attitude simply could not withstand the pressure of events and the insistent demands of world realities. In retrospect, the spectacle of the United States entering World War II has an almost dreamlike, fatalistic quality. There was never, prior to Pearl Harbor, any literal threat to the national security of the United States. And there was no popular enthusiasm, except among a small if influential group of "internationalists," for the United States' accepting responsibility for the maintenance of "world order." It all just seemed inescapable, and the alternative—retiring into a Fortress America—just too unmanly. The dominant mood was resignation, tinged with outrage at the Japanese bombardment of American soil. And resignation —sometimes sullen, sometimes equable—has remained the dominant popular mood ever since.

Strangely enough, this resigned acceptance of great-power responsibilities by the American people has been accompanied by a great unease on the part of the intellectuals. It is strange, because one had expected the reverse of this situation. During the two postwar decades, many commentators expressed doubt whether the American people could sustain the frustrations and sacrifices inherent in an imperial role. Such doubts were given

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point by the upsurge of extremist sentiments associated with the late Senator McCarthy, and unquestionably incited by popular resentment at the Korean War. But Korea can now be seen to have been a kind of baptism-by-fire; and the war in Viet Nam has been borne with greater patience than might have been expected. It is not a popular war—how could it be?—but the general feeling is that it has to be endured. It is among the intellectuals—including some of the aforementioned commentators—that extreme dissatisfaction, sometimes extremist dissatisfaction, is rife. It is among American intellectuals that the isolationist ideal is experiencing its final, convulsive agony.

Though this dissatisfaction affects only a minority, it is nevertheless a most serious matter. It is much to be doubted that the United States can continue to play an imperial role without the endorsement of its intellectual class. Or, to put it more precisely: since there is no way the United States, as the world's mightiest power, can avoid such an imperial role, the opposition of its intellectuals means that this role will be played out in a domestic climate of ideological dissent that will enfeeble the resolution of our statesmen and diminish the credibility of their policies abroad.

What is to be done? It is always possible to hope that this intellectual class will come to realize that its traditional ideology needs reformation and revision. It is even possible to argue plausibly that, in the nature of things, this is "historically inevitable." One can go so far as to say that, on intellectual grounds alone, this intellectual class will feel moved to desist from the shrill enunciation of pieties and principles that have little relevance to the particular cases our statesmen now confront, and to help formulate a new set of more specific principles that will relate the ideals which sustain the American democracy to the harsh and nasty imperatives of imperial power. All of this is possible. But one must add that none of these possibilities is likely to be realized in the immediate or even near future.

It is unlikely for two reasons. The first is that the burden of guilt such a process would generate would be so great as to be insupportable. It took three centuries to create the American intellectual as we know him today; he is not going to be recreated in one generation. He is committed in the most profound way to a whole set of assumptions and ideas that are rooted in the "isolationist" era of American history, and he cannot depart from these assumptions and ideals without a terrible sense of self-betrayal.

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Our State Department may find it necessary, if disagreeable, to support military dictatorships in certain countries, at certain times. It is hard to see our intellectuals swallowing this necessity. They might agree in the abstract that alternatives are not available. They might even grant to certain dictatorships the kind of dispensation that is often extended to heathens by an otherwise dogmatic orthodoxy. But they will gag at extending such a dispensation to "our" dictators—this would be too subversive of the dogmas by which they define their existence as a class. The furthest that American intellectuals can go toward coping with the realities of imperial power is to erect a double standard that undermines the moral basis of American diplomacy.

Secondly, this crisis of the intellectual class in the face of an imperial destiny coincides with an internal power struggle within the United States itself. Our intellectuals are moving toward a significant "confrontation" with the American "establishment" and will do nothing to strengthen the position of their antagonist. Which is to say that the American intellectual class actually has an interest in thwarting the evolution of any kind of responsible and coherent imperial policy. Just what this interest is, and what this confrontation involves, we are only now beginning to discern. Behind the general fog that the ideology of dissent generates, the outlines of a very material sociological and political problem are emerging.

V

It has always been assumed that as the United States became a more highly organized national society, as its economy became more managerial, its power more imperial and its populace more sophisticated, the intellectuals would move inexorably closer to the seats of authority—would, perhaps, even be incorporated en masse into a kind of "power élite." Many writers and thinkers—and not only on the political left—have viewed this prospect with the greatest unease, for it seemed to them to threaten the continued existence of intellectuals as a critical and moral force in American life.

Well, it has happened here—only, as is so often the case, it is all very different from what one expected. It is true that a small section of the American intellectual class has become a kind of permanent brain trust to the political, the military, the economic authorities. These are the men who commute regularly to Wash-

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ington, who help draw up programs for reorganizing the bureaucracy, who evaluate proposed weapons systems, who figure out ways to improve our cities and assist our poor, who analyze the course of economic growth, who reckon the cost and effectiveness of foreign aid programs, who dream up new approaches to such old social problems as the mental health of the aged, etc., etc. But what has also happened, at the same time, is that a whole new intellectual class has emerged as a result of the explosive growth, in these past decades, of higher education in the United States. And these "new men," so far from being any kind of élite, are a mass—and have engendered their own mass movement.

As a matter of courtesy and habit, one refers to these professors as "intellectuals." Some of them, of course, are intellectuals, in the traditional sense of the term. The majority unquestionably are not—no population, no matter how elevated, could produce *that many* intellectuals. Professor Robert Nisbet, as shrewd an observer of the academic scene as we have, has estimated that "at the present time not less than sixty percent of all academics in the universities in this country have so profound a distaste for the classroom and for the pains of genuine scholarship or creative thought that they will seize upon anything . . . to exempt themselves respectably from each."[3]

In most instances, whether a man these days ends up a college professor or, say, a social worker or a civil servant is largely a matter of chance. Nevertheless, this academic mass has taken over not only the political metaphysics of the American intellectual, but also his status and prerogatives. Americans have always had a superstitious, if touching, faith in the importance of education. And the American people have quickly conceded to the professoriat of our affluent society the moral authority that intellectuals have always claimed as their peculiar endowment.

Now, this new intellectual class, though to outsiders appearing to be not at all badly off, is full of grievance and resentment. It feels discriminated against—opinion polls reveal that professors, especially in the social sciences and humanities, invariably tend drastically to underestimate the esteem in which public opinion (and, more particularly, the opinion of the business community) holds them. It feels underpaid; you'll not find any credence on the campus for the proposition (demonstrably true) that the salaries of professors do not compare unfavorably with the salaries of bank

[3] Robert A. Nisbet, "What Is An Intellectual?" *Commentary*, December 1965.

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executives. It feels put upon in all sorts of other familiar ways. The symptoms are only too typical: here is a new class that is "alienated" from the established order because it feels that this order has not conceded to it sufficient power and recognition.

The politics of this new class is novel in that its locus of struggle is the college campus. One is shocked at this—we are used to thinking that politics ought not to intrude on the campus. But we shall no doubt get accustomed to the idea. Meanwhile, there is going to be a great deal of unpleasant turbulence. The academic community in the United States today has evolved into a new political constituency. College students, like their teachers, are "new men" who find the traditional student role too restrictive. Students and faculty therefore find it easy to combine their numbers and their energies for the purpose of social and political action. The first objective—already accomplished in large measure—is to weaken control of the administration and to dispossess it of its authoritative powers over campus activities. From this point the movement into politics proper—including elections—is about as predictable as anything can be.

Just what direction this movement into politics will follow it is too early to say with certainty. Presumably, it will be toward "the left," since this is the historical orientation of the intellectual class as a whole. It is even possible that the movement will not be calmed until the United States has witnessed the transformation of its two-party system to make room for a mass party of the ideological left, as in most European countries—except that its "grass roots" will be on the campus rather than in the factory. But what is certain is that the national prestige and the international position of the United States are being adversely affected by this *sécession des clercs*. Imperial powers need social equilibrium at home if they are to act effectively in the world. It was possible to think, in the years immediately after World War II, that the United States had indeed achieved this kind of equilibrium—that consensus and equipoise at home would permit our statesmen to formulate and pursue a coherent foreign policy. But the "academic revolution" of the 1950s and 1960s raises this issue again, in a most problematic and urgent way.

VI

Though there is much fancy rhetoric, pro and con, about "the purpose of American foreign policy," there is really nothing

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esoteric about this purpose. The United States wishes to establish and sustain a world order that (a) ensures its national security as against the other great powers, (b) encourages other nations, especially the smaller ones, to mold their own social, political and economic institutions along lines that are at least not repugnant to (if not actually congruent with) American values, and (c) minimizes the possibility of naked, armed conflict. This is, of course, also the purpose of the foreign policies of such other great powers as Soviet Russia and Maoist China. Nor could it be otherwise, short of a fit of collective insanity on the part of the governing classes of these powers. Without the conflict, tension and reconciliation of such imperial purposes there would be no such thing as "foreign affairs" or "world politics," as we ordinarily understand these terms.

But for any imperial policy to work effectively—even if one means by that nothing more than doing the least possible mischief—it needs intellectual and moral guidance. It needs such guidance precisely because, in foreign affairs, one is always forced to compromise one's values. In the United States today, a relative handful of intellectuals proffers such guidance to the policy-maker. But the intellectual community en masse, disaffected from established power even as it tries to establish a power base of its own, feels no such sense of responsibility. It denounces, it mocks, it vilifies—and even if one were to concede that its fierce indignation was justified by extraordinary ineptitude in high places, the fact remains that its activity is singularly unhelpful. The United States is not going to cease being an imperial power, no matter what happens in Viet Nam or elsewhere. It is the world situation —and the history which created this situation—that appoints imperial powers, not anyone's decision or even anyone's overweening ambition. And power begets responsibility—above all, the responsibility to use this power responsibly. The policy-maker in the United States today—and, no doubt, in the other great powers, too—finds this responsibility a terrible burden. The intellectuals, in contrast, are bemused by dreams of power without responsibility, even as they complain of moral responsibility without power. It is not a healthy situation; and, as of this moment, it must be said that one cannot see how, or where, or when it will all end.

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MAO'S CHINA: THE DECLINE OF A DYNASTY

By L. La Dany

FOR a long time it was thought that the way the People's Republic of China was being governed opened a new chapter in Chinese history. Some scholars argued that the communist system in China was a continuation of Confucianism, but a closer look disclosed little resemblance. The country was subject to spasmodic, repetitious political campaigns; the national economy constantly went through major reshuffles—land reform, socialization, communization, the retreat from communization and the Great Leap Forward. Traditional Chinese values were repudiated or ignored. Even the old Chinese concern for "face" seemed to be disregarded. Everybody was expected to expose in public meetings the evil words and evil deeds of friends and colleagues, of parents and brothers. The traditional Chinese family was severely disrupted, though, as the old Chinese proverb says, it is useless to attack a city if the hearts are not won over. The hearts were not won over, but for a long time it appeared that the régime was solidly established and enjoying general support, if not from love, then from fear.

The People's Republic was not a police state in the ordinary sense of the word. It was the superlative perfection of a police state in which everyone was a spy on everyone else. When two years ago at a students' meeting in Chungshan University in Canton a student was accused by another student of having said privately that Mao Tse-tung was an ordinary human being, he became, as is usual in such cases, the target of vituperation at prolonged "accusation meetings." In the end he was dismissed from the school as unworthy to be a university student.

If you lived in a Chinese city, let us say Canton, and subscribed to the newspaper of Shanghai, then the leader of your youth corps branch, or the chairman of your section of the trade union, or the party secretary of your factory, or the head of your street organization, or an official from the local police station might come and ask you most politely why you wanted to know what happened in that part of the country. Then you would know you were in trouble. You would not know whether this would end the next day when you stopped subscribing or whether it

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would be the beginning of a long series of meetings and accusations, which would cause all your friends to fall away from you and finally land you in a village on the Russian border. Such things did happen.

In fact everybody in any employment, especially in higher office, was subject not to one but to many organizations, which meant that there was a perpetual check and countercheck on everybody by everybody—a control developed to incredible perfection. In spite of convulsive political campaigns the system stood solid. No cracks were visible in the machine. One man dominated the scene.

The man who founded this system in China, Mao Tse-tung, is a semi-intellectual who 40 years ago held a village base with 700 soldiers in the mountains of the South. His prestige grew and he did not spare those who were against him. He and his followers, pursued by the forces of the central government, had to flee; they went a long way, on a long march, to settle in another mountainous area in the West. Their numbers grew and they came to an agreement with their former foe: they would fight the invading forces of the Japanese while jealously maintaining their own identity. Mao flew to Chungking and toasted Chiang. With U.S. mediation, he took part in negotiations while marshalling his forces and demoralizing the enemy with an able underground organization working in Nationalist-ruled territories. Finally, his able general, Lin Piao, conquered the country with little fighting, marching through China from Manchuria to the furthermost South.

In January 1949 these forces entered Peking and on October 1, 1949, the People's Republic was established. Discipline and stability were combined with bloody repression of every enemy. No less bloody was the distribution of the land to the farmers, to be collectivized three years later on the Russian model. There were punitive campaigns against the world of culture, which, however, was never completely conquered. Total subservience to the Russians lasted at least up to 1956 when—with Stalin already dead—a new Party Congress, convoked after an interval of eleven years, began to elaborate an economic program which differed from that of the Russians. And then came the Leap and the Commune, which President Liu Shao-ch'i in the international magazine, *World Marxist Review* (October 1959), proclaimed to be the model for the whole communist world.

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Difficult years followed: disruption of the economy, food shortages and famine—denied by foreign observers but admitted last year by the Chinese press—years when under the pressure of economic hardship there was less insistence on ideological control in the cultural field. The second Five Year Plan of 1958–62 was a total failure, but then came a slow economic recovery toward the level that had been reached in 1957. In 1965 a third plan was announced, but not elaborated, to start in 1966.

II

In 1965 one could guess that there was internal tension within the highest leadership, but it is much clearer in retrospect. Unexpectedly, generals and former military men published their reminiscences of the Japanese war, extolling the role of comrade Liu Shao-ch'i. (Previously in such writing, names were rarely mentioned.) But these reminiscences stopped and the heroic deeds of Liu were not mentioned any more after the autumn of 1965; however, he was still at his post and active. In the autumn another figure emerged—Lin Piao, the Minister of Defense.

He and Lo Jui-ch'ing, Chief of the General Staff of the Armed Forces, had been close associates for many years. At the end of 1964 Lo spoke highly of Lin, of how much he had accomplished in renewing the spirit of the army. He also spoke of modernizing the armed forces, but this he apparently considered his own job. In September 1965 Lin Piao published an article on peoples' wars that attracted world attention. Lo, a few days later, praised it and recommended it for study. The two men, we now know, were deadly enemies.

The importance of Lin Piao within the armed forces grew from 1960 onwards and the army began to play a special role in the country. It was for the army that the little red book, the Sayings of Mao, was produced in 1961; the selection was made not by Mao but by the political department of the Army. At the same time, Lin's slogan, "living study and living use of the writings of Chairman Mao," and others of the sort, were inculcated and became a trademark showing Lin's influence. A special body of communist doctrine—dedicated, aggressive and narrow-minded —was developed within the army. One of its main aims was to build up the image of Mao, not so much as a respected leader as a superhuman being. There was a systematic training of shock troops within one branch of the party, that in the army.

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The army became a state within a state, but Lin Piao's ambitions were not restricted to the army. He was also one of the five vice-chairmen of the Party Central Committee, having been appointed in May 1958, just before the communes were launched. (Putting a high-ranking military man among the highest leaders of the party has always been avoided in Russia.)

In 1964 the army was set as an example before the whole nation and a serious attempt was made by Lin's followers to penetrate the civilian branches of the party machinery, which had been governing the country directly in all respects since 1957. When this failed and army men were not accepted by the administration, special "political departments" were constituted as a parallel organization to the existing party machine. Thus to the "industry and communications department" in the Party Central Committee, which had corresponding departments at all the levels down to the county, there was added an "industry and communications political department" in the Party Central Committee and also down to the county level. It was an extraordinary waste of manpower. The Peking press of that time did not hide the fact that the men in the "political departments" were drawn from the army. They were supposed to be a kind of gendarmerie supervising and controlling the whole party machinery. This operation, too, was unsuccessful and, although lip-service was paid to the army, nothing changed.

In the field of culture the little liberties allowed in earlier years were stopped and those who wrote about ancient Chinese or Western culture were subjected to criticism. But the men themselves were not purged and indeed a number of those who years before had been branded as rightist, dangerous animals were quietly rehabilitated; people who were thought to be politically dead again appeared in public.

Meanwhile a nationwide purge among lower party members was launched, but it was halfhearted, carried out in one region but not another, stopped and started again. One of its promoters was Wang Kuang-mei, the wife of Liu, who spent some months in the villages and wrote a report to the Central Committee about the corruption of village cadres. Mme. Liu's emergence in public life in 1962 was a new phenomenon. Except for a few who on their own merits had been active since the Yenan days, wives up to that time had no political existence and hardly ever appeared even at receptions for foreign visitors.

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Thus there were several signs that something had gone wrong somewhere. The prominence of the army was not normal. In Chinese history the emergence of women in public life has always been an unmistakable sign of the decline of a dynasty. When the dynasty is weakened, the Emperor assigns an energetic general to defend the rights of the dynasty, and the empresses and dowagers come to the forefront.

The weakening of the dynasty goes back to earlier years when Mao, rejecting the Russian type of organization, launched his own in the form of the Leap and the Commune, which turned out to be gigantic failures. There were complicated manœuvres within the party and at the Lushan party meeting in 1959 there was apparently violent opposition to Mao. The opposition was defeated and P'eng Teh-huai, Defense Minister and a legendary figure in the communist movement since the twenties, was deposed—not at the party conference itself but in a subsequent conference of the Central Committee's Military Committee. With P'eng, a number of higher party leaders disappeared. Their names at the time were not published; they were merely anonymous "rightist opportunists." This was not a purge that reached down to the lower ranks; it was strictly a struggle at the pinnacle.

It seems now that Mao's prestige suffered heavily. Up to 1958 he could keep all his men under control, but then his magic power was broken and he was no longer the uncontested leader. That perhaps is the reason why a new image of Mao, that of a demiurge, had to be built up with painstaking effort. This was the work of Lin Piao, the new Minister of Defense.

Years passed, the conflict with the Russians grew in intensity and it began to be said that the doctrine of Mao was "the peak" of Marxism-Leninism. This word came from Lin Piao and was promptly adopted by one of the six regional bureaus of the Central Committee, that of the Central South. "The peak?" asked Li Ta, the president of Wuhan University, who happened to be one of the twelve present in 1921 at the founding meeting of the Communist Party. "Does that mean that Marxism will not develop any further?" For this, Li Ta was condemned, but the word "peak" was quietly dropped. Mao is now the "contemporary highest attainment of Marxism," and the leader of world revolution. This has been repeated endlessly since last year and one of the four or six pages of each daily paper is filled with homage to the leader of the world from all parts of the world.

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In the East, words rarely mean what they say, and exaggerated praise may mean the opposite. It may mean that the man must be magnified artificially because his natural prestige is gone—like artificial respiration given to a man drowned.

III

The above is a sketchy résumé of the period before the Cultural Revolution, a term which has definite meaning. "Culture" means ideology, ideology means leadership and leadership means power. Culture in this setting is a system of political thoughts and rules which has to be strictly observed and against which nobody is allowed to utter a word—in newspapers, on the stage, on the radio or in private. It is a political creed.

This campaign, however, turned out to involve a political creed different from all other campaigns previously known. It erupted in Peking where the mayor, P'eng Chen, and the whole propaganda department of the party were eliminated. The first secretary of Central-South, T'ao Chu, appeared in Peking and in the new party hierarchy that emerged from an unheralded August meeting of the Central Committee he became Number Four, after Mao, Lin Piao and Chou En-lai, followed by Ch'en Po-ta, Teng Hsiao-p'ing, K'ang Sheng, Liu Shao-ch'i, Chu Teh, Li Fu-ch'un, Ch'en Yün and so on. On August 18 at the first mass demonstration of the Red Guards at Peking, Mao and Lin appeared shoulder to shoulder, apart from others.

After this, something occurred which will be remembered in Chinese history. It was vandalism by the worst type of youngsters recruited to be Red Guards. They were responsible for acts unprecedented in the People's Republic: they invaded the privacy of homes; they destroyed books, paintings and sculpture, precious curios without discrimination; they exposed defenseless people, particularly the elderly, to vexation and physical violence; they dragged them out into the streets and tortured them in public. In one single side-street in Peking eighteen persons lost their lives. This went on all over the country, even in remote Tibet. The number of casualties must have been enormous.

Every Chinese when he hears of the burning of books and slaughter of scholars thinks instinctively of the First Emperor, Ch'in Shih Huang, in the second century B.C. He was the first unifier of China, the man who created immense engineering works and the Great Wall. But he is remembered above all as the

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Emperor who "burned the books and buried the scholars." In 1961 a daring scholar in Peking wrote with veiled reference to the present: "The kingdom of the Ch'in made a leap from a backward country to a progressive one and united the country. . . . However, after fifteen years the rule of the Ch'in vanished." The battle for the throne of China, after this short-lived dynasty, dragged on for five years of rivalry between two generals, Hsiang Yü and Liu Pang. This is the account of that period given in "An Outline History of China," published in English by the Foreign Language Press in Peking in 1958.

The action of juvenile vandals was called "destruction of the four olds"—bad habits and customs. When this first phase of the cultural revolution broke, and Lin Piao was declared to be Number Two in the country, the provincial authorities, even as close to Peking as Shantung, reacted vigorously. As Lin Piao said at another Red Guard demonstration, there were persons using the workers and peasants to fight against the revolutionary students. This is just what happened. Provincial authorities organized their own Red Guards and, using the same names and same tricks, they protected their own regions against interference from Peking. This was the beginning of general confusion which has not yet ended. The downfall en bloc of the Peking party committee (which had the status of a provincial committee) was a warning to the party committees in the provinces.

After a short lull at the end of November, Mao's wife, Chiang Ch'ing, demanded an escalation of the purge—at least in the theatre, about which she, as an ex-film actress, knew something. She was also the Number One deputy of the Central Cultural Revolution Team founded in the summer of 1966 and headed by Ch'en Po-ta, and in November she became "adviser on cultural matters to the Liberation Army."

As the escalation was put into effect, the Red Guards were encouraged to extend their activities to factories and villages. The reaction was instantaneous. In December and January the country was in turmoil. Industrial laborers in many cities and provinces left their work. They went on strike—an unheard-of thing in the People's Republic—and a great number went, as Red Guards had previously gone, to Peking; but these went to protest. There were stoppages on the railways in many regions, from Manchuria to Canton. In the villages peasants dissolved the collectives and communes, seized money and foodgrain from the

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common stores, and in many places redistributed the land. What was worse, and most alarming, people under forced labor escaped or, as the official jargon says, "got out from the cage." These men had nothing to lose and they were the sworn enemies of the régime. Then in many provinces resistance troops were organized; the Peking press admitted that a number of them were made up of demobilized soldiers.

How could all this happen in a country where formerly people did not dare even to whisper one word against the rulers? Now there were no rulers. The Red Guards and those behind them were acting against the whole party machinery, breaking into offices and party committees, searching, investigating and humiliating the men in charge. The party machinery which for all these years had been ruling the country was paralyzed.

The Peking version of the disorders was different. They said that the party committees, in the provinces and elsewhere, had encouraged these scoundrels to stop work, to seize the goods of the collectives, to cause harm. It was the party committees who gave them money, leading to a widespread buying spree that menaced the economy. The fact, reported by a number of provincial broadcasts, was that mobs were breaking into state banks. The pro-Mao men from the army issued regulation after regulation threatening heavy sanctions, but this did not improve the situation.

In Peking the leadership itself was badly shattered. At the end of the year Liu Shao-ch'i, President of the Republic, and Teng Hsiao-p'ing, the General Secretary of the Central Committee, began to be openly criticized, even by T'ao Chu. But soon afterwards T'ao Chu himself fell. And then followed a series of convulsive acts in which it was difficult to say who was standing and who falling. Peking wall posters, faithfully recorded by Japanese correspondents, reported an abortive military coup in which Liu Chih-chien, the head of the army's cultural revolution team and a deputy of Hsiao Hua (the right-hand man of Lin Piao), was involved, as were Marshal Ho Lung (who not long ago at one of the Red Guard demonstrations was standing in a car next to Mao), Chu Teh, the venerable military leader of the party, and a number of leaders in different branches of the armed forces. This was reported only on wall posters, but the men involved no longer appeared at public functions and their names were dropped from the newspapers. (A single wall poster was not

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always to be believed but when many were consistent the news was rarely false, and often confirmed by other sources.)

Finally, in the second half of January, it was decided that the military should become directly involved. It was an ugly decision for it appeared to be, and in fact was, an attack by the army on the Communist Party in order to overthrow the party committees in the provinces. The *People's Daily* reported that the entry of the army was at the order of Mao and the Military Committee. Every move is supposed to come from Mao.

One should remember that the normal administration in a communist country is an administration by government committees—not party committees—in the central government, provinces, special districts, counties, districts and villages. Since 1957 in China, however, it had been the party machinery itself which directly governed the country in all respects, though the government committees were still in existence. Important decisions were always issued in the name of the party committee and the party secretaries were always in the forefront of all operations. One was well aware that this was an emergency situation, but one that lasted for ten years, until 1967, when the army stepped in to throw the Communist Party out of power. A communist country without a communist party is certainly something new—not a state of affairs that would make the Chinese example look attractive to communist parties in other countries.

Once the army had entered, the whole situation changed. There was no longer need for rampaging Red Guards. They were told to unite and observe discipline, but they were so accustomed to their free-for-all ways that months of effort failed to bring them under control, even in the provinces where the army was in full operation. The former Red Guards and other revolutionary groups who last year thought that they would be the new men in power must have been disappointed when they were ordered to undergo *cheng feng*, the traditional procedure of scrutinizing one another. The movement of Red Guards has not been disowned, since it was founded by the new rulers, but the existence of serious excesses has been admitted. They have been ascribed to the class enemy, to Liu Shao-ch'i, thus washing clean the bloodied hands of Lin Piao and his comrades.

So that the military take-over should not be recognized for what it was, former provincial and local party leaders were called on to join the ruling body, not as members of a party committee, which

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no longer existed, but as individuals. Their titles were carefully given as "ex-party secretary," "former vice-mayor" and so on. One condition for their being invited was their readiness to reveal everything about their former colleagues. One man, who said that he was only a lower official in the party committee and did not know anything, was accused of duplicity and rejected. A classical example was that of Liu Ko-p'ing, who had a prominent career in Peking during the first eight years of the régime and was in charge of national minorities. After the Hundred Flowers period he was sent to be the governor of a poor province, then disappeared for years and reappeared as a miserable vice-governor of Shansi. It was here in Shansi that he joined the military, which had taken over the government of the province; he was accepted and made head of the provincial Revolutionary Committee.

But the prospect of joining was not promising and few did so. The background of each person was examined and those who were accepted had to confess their past mistakes in public and work, even in the highest positions, under the military. The question is: How could people afford not to join in a country where food ration tickets are, or used to be, at the disposal of a centralized government, as were all jobs and salaries? The fact is that even in places which have been successfully taken over by the military, the opposition has not lost all influence. In the middle of March, two months after Shanghai was taken over, much of the transport in the counties under the jurisdiction of the city was still in the hands of the enemy; in more rural areas, the confusion was even greater. But in some of the major cities, new regional authorities called Revolutionary Committees were finally established. When a Revolutionary Committee was established in Peking city itself on April 20, it was said to be the sixth in the country (Heilungkiang, Shantung, Shansi, Kweichow Provinces and the cities of Shanghai and Peking).

In China there are 26 provinces, four of them called autonomous areas; after two and a half months of military operations, four provinces had been taken over by Revolutionary Committees but control was not yet established. For example in Heilungkiang, in Manchuria on the Russian border, the provincial Revolutionary Committee was established in January, but a county of major importance only about two hundred miles from the capital of the province was not taken over until the middle of March, and even then obstruction did not end.

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The confusion created is beyond imagination. When in early January the Mao-Lin followers were asked to unite their forces, those who did not acknowledge their authority issued the same order. When Peking gave orders to seize power, the same order was given by the opposition and a number of provinces announced on the local radio that take-overs had occurred. But Peking kept silent, for it was the opposition that took over. The army leadership issued several warnings to take care in distinguishing who was who. The trouble was that nobody knew who was who. The hidden battle between the men of Mao-Lin and their adversaries is somewhat like Viet Nam, where the war is everywhere and nowhere and the enemy is there and not there. There is no front line in Viet Nam and there are no front lines between the supporters and the opponents of Lin Piao in China.

In addition to the four provinces in which Revolutionary Committees are established, the military is actively operating in four or five other provinces, and all orders, even concerning the economy, education and public health, are issued in the name of the provincial military area command. Then there are vast territories from which little information emerges. Their broadcasting stations faithfully relay programs from Peking, but local authorities are not mentioned, nor anything about the military or which side they have taken. As these lines are written, however, the Mao-Lin group with all its military might is in full control of only a fraction of China. This does not mean that the other parts are sealed off completely. Communications, postal service, railways, transport of goods no doubt still exist, but of this we have little, if any, information.

The situation of Communist Party members in the provinces taken over by the army men of Lin Piao is not unlike that of the Nationalist Party members in 1949–50. They also were asked to join the communists and were promised amnesty if they behaved; many of them did get important posts. But that this should happen to C.P. members in their own People's Republic was hardly expected. Or again looking for parallels, the relation of the Mao-Lin government to those who rule provinces not yet taken over by the military is not unlike the relation of the government to the warlords at the beginning of this century; then, too, distinctions were never wholly clear and there were no sharp demarcation lines.

China today can be understood much better in the light of

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Chinese history than in terms of Marxism-Leninism. Has Marxism ever had a deep influence in the People's Republic? Serious discussions on Marxism, like those that took place in Soviet Russia even under Stalin, have been practically unknown. Theories changed with the changing wind and those who at one time were interpreters of official doctrine were condemned a few years later, and even their young readers had to confess in public that they had been misled. Today this goes to the extreme when the little book written in 1939 by Liu Shao-ch'i, "How To Be A Good Communist," a worldwide classic on communist heroism, is attacked as anti-Marxist, revisionist, capitalist. The book that trained party members for almost thirty years is represented as if it had been written and published, studied and venerated, against the will of Mao. Who can believe that? Marxism handled like this is empty of meaning. Marxism to the peasants meant losing their land and being incorporated in the collective or the commune. The great uprising of last January was against this, and the men in Peking now have the ungrateful task of taking away money and grain and forcing the peasants back to collective discipline.

China in 1967—its social structure, social behavior and political situation—is entirely different from what it was as recently as the end of 1966. Students of China have to adjust their minds. They cannot speak and think of the People's Republic in the same terms as they did yesterday, when the framework was rigidly set. Then one knew where one was; today one does not know, nor do people on the China Mainland know—not even those in Peking. The situation is uncertain, fluid and prone to further change. One gets the impression that anything may happen, in spite of the fact that foreign travelers find everything in order and foreign businessmen are received with the usual courtesy.

IV

In this sketchy summary of events, we have tried to assemble only those facts that can be substantiated. In such uncertain times there is a wide range for rumor, and there are some important points to which no certain answers are available. Above all there are two: What caused the explosive character of the Cultural Revolution? What is the actual role of Mao? One can only speculate. There were indications in the Peking press and in Red Guard leaflets of a February 1966 plot in which P'eng Chen, Lo Jui-ch'ing, Lu Ting-yi, the head of propaganda, and others were

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involved. Whether the February event was violent or was a silent conspiracy in the planning stage cannot be proved. But it is likely that the root of open opposition goes back to the summer and autumn of 1965.

Many believe that the whole operation of the Cultural Revolution is directed by Mao, that he is a rejuvenated *enfant terrible* who is in his element, fomenting revolution as he did in his young days. Actually there has hardly ever been such a basic question about China so unanswerable, so open to speculation. Opinion ranges from the supposition that Mao is in full possession of power to the conviction that he is dead and a double is acting his part. Some believe that Lin Piao is a loyal follower of his master, that the photograph showing him together with Mao, letting Mao read his speech, waiting for the approval of the Divinity, expresses their true relation. This is possible. However, it is also possible that Mao is virtually Lin's captive. The man who all his life could handle his men and handle his party by carefully organizing checks and counterchecks, at this moment has to rely on one man and one single organization, Lin Piao and the group of young army men dedicated to him. Even if Lin believes in Mao and Mao believes in Lin, Mao is no longer in a position to change his mind. If Lin does not listen to him, to whom can he turn?

And why has the daily paper of the Liberation Army said repeatedly that the army founded by Mao is under the direct control of Lin Piao? Lin may be a second-rate failure in many respects, but he has achieved one thing: He has eliminated all his rivals around Mao, first in the military, from P'eng Teh-huai to Lo Jui-ch'ing and Chu Teh, and then in the party, beginning with the propaganda department, the Central Committee secretariat, a number of the Politbureau, and the main rival, Liu Shao-ch'i, who for thirty years had been the Number Two man in the party. At present only Chou En-lai is left, but he has never shown the will to become Number One. And there are Mme. Mao and Ch'en Po-ta, who for many years was considered a kind of secretary to Mao. Whether these two are there as Mao's last check on Lin, or whether the two are being used by Lin to humor the old man, one can only guess.

The presence of a woman in such an ill-defined but very important post, giving orders to the army as she did in her speech on April 20, makes a curious impression. People may ask: How is it that, when for thirty years Mao did not consider his wife fit for

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public life, she now suddenly appears in so central a position? If it is the will of Mao, it is a desperate measure, and if it is not, then who put her there?

All the symptoms of the end of a dynasty are visible: a central power that has been too cruel; the intriguing court—only the eunuchs are missing; the wives of emperors and ministers becoming prominent in public life; disloyalty of many ministers; division in the army; loss of border areas; vague, undefined boundaries between loyalty and disloyalty; appointment of a strong general to instill order; unrest among the peasants; and—an infallible sign—the appearance of secret societies mushrooming in many provinces and considered by the Peking press as the main enemy, which must be annihilated. The confusion, as in similar periods of Chinese history, may last for years, and probably will. In some respects the country will appear united, in others totally dismembered. One may speculate about all the possibilities of the future, but when a dynasty is in decline it is hard to say who and what will emerge.

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PUNTA DEL ESTE REVISITED

By Lincoln Gordon

WHEN Adlai Stevenson toured the ten capitals of South America in June 1961 on a special mission for President Kennedy, one of the questions he raised at each stop was whether the American Presidents should attend in person the closing days of the forthcoming meeting at Punta del Este, Uruguay, which was to draft the basic charter of the Alliance for Progress. Stevenson received conflicting advice. Some Presidents welcomed the idea as a way of giving top-level political impetus and drama to this unprecedented program of inter-American coöperation. Others feared the public relations impact of a possible recriminatory debate, so soon after the Bay of Pigs, between President Kennedy and Cuba's Dorticós—or perhaps even Fidel Castro himself. In his own report, Stevenson reflected these divided opinions, and Kennedy finally decided not to pursue the idea. The delegations at Punta del Este the following August, therefore, were headed by Finance and Economic Ministers—in our own case, by Secretary of the Treasury Douglas Dillon.

Now, almost six years later, the successor Presidents have met at the same spot to discuss the same basic topics—how to strengthen inter-American coöperation to accelerate Latin America's economic and social progress under free institutions. With one exception, those present signed a Declaration of the Presidents of America.[1] Their document, signed April 14, 1967, is neither a routine protocolary joint communiqué nor a declamatory masterpiece. Its tone is quiet but firm, and on its critical points it is more definitive than the Charter of the Alliance for Progress adopted in 1961.

With the captains and kings departed from Punta del Este, what appraisal can be made of this six-year effort to promote a peaceful and democratic economic revolution in the continent? Has it been merely "plowing the sea," in Bolívar's famous phrase,

[1] Cuba was not invited, its régime having been excluded from the O.A.S. in January 1962. The President of Bolivia elected not to attend. The President of Ecuador attended but did not sign. The Prime Minister of Trinidad and Tobago participated fully as the Chief of Government of a newly admitted member state of the Organization. El Salvador was represented by its President-elect, and Haiti by its Ambassador to the United States. The other seventeen American Republics, including the United States, were all represented by their Presidents in person.

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to be swallowed up by new waves of population expansion, of political disintegration and military *caudillismo,* of peasant and urban slum unrest exploited by extremist demagogues, and of nationalist tensions too strong for the frail strands of Latin American unity? Is it true, as suggested recently in *Foreign Affairs* by President Frei of Chile, that the Alliance has "lost its way"?[2] Or, in the light of the new directions and objectives laid down by April's Summit Meeting, does it promise to set a new long-term course for Latin American development, for inter-American coöperation and for Latin America's place in the world?

II

In a paradoxical fashion, the Summit Meeting itself was historic but undramatic. It was undramatic because it lacked major surprises. The only effort to create a sharp confrontation between Latin America and the United States proved abortive. The probable dimensions of additional aid from the United States in the years immediately ahead had already been defined in President Johnson's message to Congress of March 13. Only some of the delegates, and very few of the press corps, appreciated the potentially dramatic significance of the new trade-policy directions indicated by the United States in relation to all less developed countries, including Latin America.

Nevertheless, the Summit Meeting can fairly claim the adjective "historic." To some extent, this is inherent in the very fact that the meeting took place. Only once before in modern times had a similar number of chiefs of state been gathered together; this was at Panama in 1956, where the purpose was mainly to establish personal relationships. This time, although the continent was facing neither a military nor a political crisis, the Presidents addressed an agenda of far-reaching substantive content.

The truly historic significance, however, resides in those decisions which would not have been reached in the absence of a presidential meeting. First and foremost was the commitment to a Latin American Common Market. In the words of President Frei, in the most applauded of the public presidential speeches at Punta del Este, "The decision to create a Common Market in a fixed time period represents . . . the profound and historic justification for this meeting."

The concept of Latin American economic integration as a major

[2] Eduardo Frei Montalva, "The Alliance that Lost its Way," *Foreign Affairs,* April 1967.

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factor contributing to the economic development of the Hemisphere was first propounded almost two decades ago by the U.N. Economic Commission for Latin America under the leadership of Raúl Prebisch. It is an idea of Latin origin, which has only in recent years won the wholehearted endorsement of the United States. Six years ago, the Charter of Punta del Este, although it included a chapter on Latin American integration, did not even venture to use the words "Latin American Common Market."

The term "common market" does appear in the Treaty of Montevideo of 1960, which established the Latin American Free Trade Association (LAFTA). It is also to be found in the Economic and Social Act of Rio de Janeiro of 1965, and in the Protocol of Amendments to the O.A.S. Charter signed at Buenos Aires last February. Prior to the recent Summit Meeting, however, the Latin American Common Market had been a vague, formless and timeless aspiration. Now it has been transformed into a specific commitment of the Latin American Presidents, to be brought into operation in a period of not more than fifteen years beginning in 1970, with indications of the mechanics to achieve it, and procedures to set these mechanics in motion, and with a pledge of moral and financial support from the United States.

What started as the brainchild of a few economic technocrats, therefore, has now become a political commitment at the highest level. But it would be wrong to underestimate the difficulties of creating a fully functioning Latin American Common Market. The advantages of a wider market for industrial development, which is a universal aspiration in the Hemisphere, might seem so obvious that one could expect governments and business communities to leap at the prospect. The European example, as well as the Central American example closer at home, should be encouraging to the larger nations of South America. In fact, however, there are widespread doubts and resistances, some legitimate, some flowing from the normal fear of the unknown, and others reflecting vested interests in limited markets.

The European analogy has severe limitations. The diversity in present economic conditions in Latin America is far greater. The complexities of tariffs and other trade restrictions are compounded by the severe inflation which continues at different rates in several of the most important countries. It will not be easy to work out a common external tariff which gives reasonable but not excessive protection to the hemisphere-wide economy.

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At the governmental level, the poorer and smaller countries show an evident fear that the main benefits of integration may go to the "big three" (Argentina, Brazil and Mexico), even though the relatively advanced industrialization of these three countries itself constitutes dramatic evidence of the advantages of market size. There will also be political as well as economic problems in consummating the marriage of LAFTA with the Central American Common Market and bringing in Panama and the Caribbean island nations. It will be necessary to battle continuously with nationalist forces in building the requisite common institutions and in reducing excessive divergencies in domestic economic and social legislation.

Among the Latin American business communities, two opposing schools of thought are readily discernible. One consists of established entrepreneurs who enjoy monopoly positions within highly protected national markets, whose high unit prices more than offset their high unit costs, and who therefore oppose any new competition, whether regional or international. On the other side stand the more progressive groups who understand and want to take advantage of the opportunities wider markets would create, and who are willing to take their chances in regional competition. The participation of these latter groups in the annual LAFTA negotiations has made possible fair progress in reducing trade barriers during the past five years. The success of the common market movement will depend heavily on their support.

Some Latin American leaders have also expressed the fear that, in their words, "all the benefits" of the common market might go to large foreign investors. In economic terms, this is an irrational fear. Under present conditions, it is clear that the major benefits of foreign investment adhere to the host country, regardless of the stock ownership and the destination of profits. Those benefits include added output, foreign exchange savings, tax revenues, employment opportunities, transmission of skills and stimulation of affiliated local supplier and marketing enterprises. American manufacturing investors in Latin America in the postwar period have typically reinvested a larger share of their profits than they have withdrawn in capital or dividends. Nevertheless, the existence of this fear is a political fact of life. The foreign investing community would be well advised to associate itself in one way or another with national Latin American companies as the process of industrial expansion is carried forward.

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Less controversial than the decision to create a common market, but no less decisive for the ultimate success of Latin American integration, was the presidential emphasis on physical integration through multinational projects. Of all the contrasts between Latin America and Europe, which together make the differences greater than the similarities, none is more striking than the physical disjunction of this Hemisphere. Telecommunications are still primitive. Arteries still lead mainly to seaports rather than connecting neighboring nations. The great opportunities for developing international river basins are only now beginning to be considered. Even in cultural habits, the élites of Latin America today typically know the civilizations and cities of Europe and North America better than they know their own neighbors. In addition to their obvious benefits in facilitating regional trade and opening up Latin America's "inner frontiers," multinational projects can provide a solvent for certain long-standing frontier disputes which still plague bilateral relations in parts of the Hemisphere.

III

Economic integration is, of course, only one element in improving the prospects for accelerated development in Latin America. It is a necessary but not sufficient condition, and it is decidedly no panacea. The most important factors continue to be those stressed in the original Charter of Punta del Este under the concept of self-help: the national efforts to mobilize resources, to direct them into productive public and private investment and to modernize and reform economic and social institutions.

The race with population expansion gives special urgency to this task. This is not because of limited space in most of Latin America in the short run. The so-called "inner frontier" of South America, south and west of the Amazon jungles, still remains the largest readily habitable and almost empty region on the face of the globe. Although it is gradually becoming settled, this is not the area where the largest population increases are concentrated. They are in the explosively growing urban slums throughout the Hemisphere and in the most depressed rural areas where productive land is insufficient even with extensive agrarian reform. Food production per capita, although slightly increased during the past six years, remains below prewar levels.

The major impact of the population expansion on development,

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however, is the huge number of new jobs that are needed as a result of the young age structure of the population. Unless overall rates of growth can be accelerated, the prospect is for ever-increasing concentrations in urban slums, miserable in human and social terms and ripe for extremist political exploitation. Hence the critical necessity of promoting simultaneously the modernization of agriculture and the expansion of industry, along with continued investment in basic economic and social infrastructure.

The sections of the presidential Declaration devoted to agriculture, education and health may appear at first blush no more than a conventional restatement of goals already long since agreed upon. The first two, however, are by common consent the sectors in which progress in the last six years, although significant, has been least adequate to the needs. National planning has made great strides in such fields as highway and electric-power development. Tax structures and administration have been improved in almost every part of the continent, and promising institutions are being developed to encourage small and medium industry and housing construction. But agriculture and education have been the most intractable fields for either operational planning or translation of plans into tangible results. They are both inherently complex; they both require efficient systems of decentralized administration; and they deal with sectors of the community notoriously resistant to change. Here again, it may be hoped that commitments at the highest political level, both in national programming and in inter-American coöperation, can give effective impetus to action where discussions at lower, more technical levels have proved insufficient.

The Summit Agreement on science and technology breaks new ground. The original Charter of Punta del Este was virtually silent on this topic. At the Summit, the Presidents called for a national science policy in each country and for the establishment of a far-reaching regional scientific and technological development program, including exchanges of personnel and information, the strengthening of the few existing institutions for advanced training and research, and the creation on a multinational basis of new training and research institutions at the postgraduate level. President Johnson suggested that to implement this program, there be considered the creation of an Inter-American Science Foundation. If these decisions can be fully carried out, they should greatly accelerate the creation of an autonomous Latin

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American scientific capability and should help stem the brain drain in these vital areas. A generation hence, it may well be judged that this portion of the Action Program by itself justified the convening of the Presidents.

The chapter on elimination of unnecessary military expenditures is brief and highly circumspect in its phrasing. In this field, one should avoid being misled by the widespread myth of a Latin American "arms race." The facts are closer to what this author recently described as an "arms crawl." Of the total Latin American budgets (excluding Cuba) of about $1.5 billion, only $150 to $200 million per year go into military hardware, scarcely a vast diversion of resources from productive employment. The internal security problem, moreover, is no imaginary figment, as recent guerrilla actions in Venezuela, Colombia, Bolivia and Guatemala make manifest. On the other hand, war between Latin American neighbors should be considered unthinkable today, not only because of the United Nations and O.A.S. Charters and the Rio Treaty of Reciprocal Assistance, but also because it suits no nation's interest. There does remain, nonetheless, a latent danger of a cycle of competitive arms acquisitions set off in one country and followed by others for obsolete reasons of traditional military rivalry. This danger, it is hoped, can be lessened by the presidential declaration of intent to limit military expenditures to real needs.

IV

Trade was the other great theme of discussion at the Summit. It was the area where Latin America showed the widest feeling of disappointment—or at least insufficient satisfaction—at the outcome. It came closest to a confrontation between a unified Latin America on the one hand and the United States on the other. The views expressed on the Latin side were almost a classic illustration of the cleavage in "North-South" attitudes on trade and development expounded in the recent masterly study by John Pincus.[3] Let it be said in respect for the growing Latin American maturity, however, that the Latin Presidents did not blame the inadequate pace of economic progress exclusively on the policies of the "North." They were equally emphatic on the continuing need for national self-help and institutional reform.

[3] John Pincus, "Trade, Aid and Development." New York: McGraw-Hill (for the Council on Foreign Relations), 1967, Chapter 5.

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Latin America's concern over its position in world trade is certainly understandable. Between 1956 and 1965, the Latin American share of world exports fell from 8.6 percent to 5.9 percent. Inadequate foreign exchange is a bottleneck in the economic expansion of most of the Latin countries, and debt servicing absorbs a disturbingly high proportion of export earnings.

A Western Hemisphere dialogue on trade policy is to be welcomed, moreover, since in the early years of the Alliance for Progress these topics have enjoyed a less frank and thorough interchange than national development plans and aid policies in the key economic and social sectors. Such a dialogue may help to dispel simplistic myths which distract attention from real solutions.

On the side of the industrialized nations, for example, including the United States, recent analyses have shown that tariff structures result in higher levels of protection against semi-processed or finished goods from the less developed countries than might be supposed from a casual examination of average tariff levels. Subsidies and quotas remain as all-too-frequent exceptions to the proclaimed ideal of free and fair international competition. European practices in these respects are considerably more damaging than our own to the interests of developing countries.

On the Latin American side, one still hears frequent allegations of the alleged "constant deterioration of the terms of trade," with overtones of an alleged malicious conspiracy by industrialized countries to hold down Latin American export prices while raising the prices of manufactured goods. Specious calculations are often made of "trade losses," comparing Latin America's actual export receipts with what would have been earned had prices remained at some peak level. In fact, although the Latin American terms of trade did fall sharply from the Korean War boom of the early 1950s (and the subsequent coffee price peak induced by frosts in Brazil), they have improved by almost 10 percent since 1962 and have been remarkably stable during the past three years. The purchasing power of Latin American exports, taking into account both volume and prices, has improved by 48 percent since 1958, following on several years of virtual stagnation.

From such errors of diagnosis flows the illusion, which was echoed at Punta del Este, that the Latin American foreign-exchange problem could be solved once and for all if only the industrialized countries would guarantee markets for traditional export

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commodities at "just prices." But if these guaranteed markets were to be for products in stagnant demand in the industrialized countries, this would amount to an inefficient and quite inequitable form of barely disguised aid, which is scarcely to be expected as a realistic policy matter.

Improved access to markets outside Latin America, both for traditional and for newer types of exports, is a more promising route. This requires changes in both commercial policy and business practice. On the policy side, the Summit Agreement contained two significant advances, the importance of which was largely overlooked in the press commentaries. The first is a joint commitment by Latin America and the United States to seek the elimination of discriminatory preferences against Latin American exports, which in practice means the European Common Market arrangements for imports from the associated African states. While the statistical record shows little evidence so far of actual damage to Latin American exports, the potential damage is serious and is a matter of acute concern to Latin producers and governments.

The second, and more important, innovation was the announcement by President Johnson of his intention to explore at home the possibility of introducing a system of "temporary tariff advantages for all developing countries by all industrialized countries," and to seek the coöperation of other industrialized countries in this effort. Such a departure from this country's long-held adherence to unconditional most-favored-nation treatment would follow a line of policy urged by the group of 77 less developed countries at the 1964 Geneva meeting of the United Nations Conference on Trade and Development. It will undoubtedly figure as a central theme of the Second UNCTAD Conference at New Delhi in early 1968.

In past years, many Latin American spokesmen have favored a Western Hemisphere preference system, some going so far as to propose "one-way free trade" between Latin America and the United States. Taken literally, this is far from a realistic idea. More sophisticated Latin Americans recognize that at least some reciprocity would be a prerequisite to the negotiation of any Western Hemisphere system. They also see the political dangers of carving up the world into economic spheres of influence.

The Summit Agreement reflects a deliberate option in favor of a global system of preferences for all less developed countries,

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with its correlative implication of the abandonment of European discrimination against Latin America. It is noteworthy that the group of nine Latin American experts, whose report was the main seedbed of proposals for the Summit, showed a clear preference for a global rather than a Western Hemisphere system. On the other hand, should global preferences prove impossible to negotiate, it is plausible to expect a strong demand from Latin America, with considerable backing in the United States, for a move toward some form of commercial preference system within the Western Hemisphere.

As in the case of commodity agreements, it would be a gross error to expect any system of commercial preferences, whether global or regional, to resolve all of Latin America's export problems. It is often forgotten that Puerto Rico enjoyed unlimited access to the United States market for half a century before any real exploitation of these opportunities took place through "Operation Bootstrap." The fact is that, outside its traditional export lines, most of Latin America has been singularly backward in taking advantage of existing market opportunities in the more industrialized countries. Businessmen in the newer lines of production have looked almost exclusively to home markets. Governmental policies have often not only failed to assist but have positively discouraged the expansion of exports. The Summit Action Program calls for measures to correct these deficiencies. Moreover, it can be expected that the attitudes induced by economic integration within Latin America, with its pressures for greater competitiveness and cost consciousness, will be reflected as well in greater export efforts for non-traditional products in world markets. Any new preference system will help create opportunities, but the task of exploiting them will depend on the businessmen and governments of Latin America itself.

In short, there simply are no simple panaceas for the Latin American trade problem. Neither commodity agreements nor preferential arrangements by themselves offer comprehensive solutions. Nor is there a simple choice between trade and aid. The only satisfactory long-run solution lies in development itself, in the industrialization and agricultural modernization and diversification of the Latin economies, with priority for the production at competitive costs of items in growing world demand. The natural and human resources of the continent should make this perfectly feasible. International action to help bring about these results is

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more likely to be facilitated by the objective joint analysis of obstacles and remedies than by doctrinaire confrontations invoking abstract principles of equity.

V

President Frei's charge that the Alliance for Progress has "lost its way" contains two strands: one of substance and one of ideology. The sense of frustration he describes is not his or Chile's alone. It has been general among Latin Americans and thoughtful North Americans concerned with Latin America.

Six years of the Alliance have certainly not brought about a revolutionary transformation in Latin American conditions of life. Despite the notable advances in education, health and housing, the building of roads and power plants, industrial expansion and the somewhat uncoördinated attacks on agricultural productivity and land reform, the deficits and deficiencies in all these fields continue to loom large. The continent has not yet "taken off" into self-confident, self-sustained growth. There remain many regions of appalling poverty and there are substantial sectors of various national communities which do not feel themselves active participants in economic and social progress. No doubt some of the expectations aroused by the rhetoric of 1961 were excessive and could not have been fulfilled in any event. Others have not been met because of inadequacies in both national performance and external coöperation, even though the quantities of external aid have exceeded the figures pledged six years ago.

On the substantive side, most of President Frei's points will be met if the commitments at the Summit are converted into practice: Latin American economic integration; discouragement of wasteful military expenditures; the promise of new coöperation on the trade front; stronger multilateral guidance for aid policies; and higher targets for economic growth. The importance of higher growth goals cannot be overstated. Unless Latin America as a whole can be brought up to rates of growth paralleling the postwar records of such countries as Italy, Greece, Taiwan, Japan and Puerto Rico, overt and disguised unemployment will rise to levels that are politically and socially intolerable. Higher growth rates will require both greater domestic efforts and more outside aid.

A substantially larger volume of outside aid could be used productively under present conditions in Latin America. Over the

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next few years, as the move to a common market gets under way and as multinational projects and more comprehensive domestic programs in agriculture and education are formulated, this absorptive capacity will rise still further. It is to be hoped that international institutions and private capital will respond fully, and that when reduced military burdens in Southeast Asia afford some relief to our present balance-of-payments and budgetary preoccupations the United States Government may add to the moderately expanded aid level recently recommended by President Johnson. Once higher growth rates are established (and given a favorable world trading environment), one can expect that most of Latin America will be able to end its dependence on outside concessional aid during the 1970s, even though a substantial net inflow of public and private capital should continue for many years to come.

The ideological criticisms of the Alliance are more subtle. It is true that, in 1961, its founders hoped that it might generate a mystique of peaceful democratic revolution which would sweep political leadership and Latin American public opinion on a tide sufficient to overcome the resistance of vested interests and the obstacles of traditional political rivalries. That did not happen. Some observers associate the loss of glamor in the Alliance with the death of President Kennedy, but the historical record cannot sustain this interpretation. The failure of the Alliance to catch fire as a political watchword was already evident by mid-1962,[4] and the atmosphere surrounding the São Paulo meeting of Economic Ministers in November 1963, only a few days before the Kennedy assassination, was one of frank crisis, with many delegates audibly wondering whether the Alliance would survive another year.

The performance under the Alliance has in fact been more substantial, and confidence in the soundness of its goals and methods has been greater, during the past three years than at the start. The Alliance today is more of a going concern than ever. But the truth is that the idea of an overwhelming inter-American mystique to support the Alliance never did catch hold.

Of greater consequence is the fact that, without carrying banners labeled "Alliance for Progress," the main leadership groups of

[4] See, for example, my lecture of August 8, 1962, at Salvador, Bahia, on "Productive Tensions in the Development of the Western Hemisphere," reprinted in my volume, "A New Deal for Latin America," Harvard University Press, 1963, Chapter 7.

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Latin America today, except for dwindling minorities on the right and left extremes, are devoted to precisely the kind of institutional modernization and reform that was called for in the Charter of Punta del Este. Legislative debates and administrative policy-making are now concentrated not on whether, but rather on how, to press forward these reforms. There is a growing sense of confidence, strikingly evident in preparations for the Summit, that these methods can succeed and that the responsibility for their success is essentially Latin American, with aid from the United States playing a vital but only complementary role. Confidence in the continuation of that role, in turn, was bolstered by the quiet bilateral diplomacy of President Johnson outside the formal Summit sessions. This is a major change in basic attitudes since 1961, and it constitutes the greatest achievement of the Alliance for Progress in its first six years.

To be sure, the ideal of representative democracy is far from being a consolidated practice. In a period of rapid economic and social change, when whole new sectors of populations are being brought into political consciousness and activity and long entrenched structures of social power are visibly giving way, it should be no surprise that political institutions are also in flux. To expect the model exercise of representative democracy where economic and social backwardness are still pervasive would be quite unrealistic. Even on this front, however, it is comforting to note that in the last year there was a record in Latin America of nine democratic elections, with the results respected in all cases, as against only one unconstitutional coup d' état.

There is also a growing trend toward experiments in direct local community participation in development and toward more effective encouragement of coöperatives and other voluntary associations. It is not easy to reverse the paternalistic tradition which reaches far back into Iberian history, but even the modest efforts so far employed have demonstrated the existence of large resources of local initiative and energy which can be put to constructive use.

It was a striking feature of preparations for the Summit that Ministers and Presidents alike shied away from rhetoric in order to concentrate on concrete action. At their Buenos Aires meeting, the Foreign Ministers took the unprecedented step of eliminating the "general debate"—the traditional inter-American occasion for endless speeches intended for home consumption without expec-

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tation of affecting the course of negotiations. The sober tone of the Presidential Declaration reflects the same spirit.

With all this said, it must none the less be recognized that ideology and mystique, and their accompanying slogans, are indispensable components of political life. It can be argued that the Alliance for Progress contains an implicit humanistic ideology of progress at a revolutionary pace, integrating all elements of national societies under free institutions. Many of its tenets are paralleled in the recent papal encyclical *Populorum Progressio*. But how that ideology should be articulated in the political parlance appropriate to each country, with its own traditions and conditions, is better left to national leadership than subjected to an artificial inter-American consensus.

The task of national leadership in Latin America is not easy. Although the Cuban example has long since lost its glamor in Latin America, the Marxist dialectic has retained its appeal for a disturbingly high proportion of Latin American intellectuals and educated youth. The challenge of participating in rapid development under free institutions should be more than enough to enlist the idealism of young Latin Americans, but the philosophical and popular statements of the creed of democratic progress still remain to be well formulated and the institutions to capture youthful energies for constructive ends are still all too few.

VI

Punta del Este also marks a new phase in the underlying philosophy of inter-American relationships. While "divide and conquer" has never in fact been a guideline of our Western Hemisphere policy, the Summit leaves no doubt that the watchword henceforth is to be "unify and coöperate." Such a policy involves its risks. They include the danger that, as it is sometimes put, "Latin America may gang up on us," and also the danger that Latin America as a unit may choose a separate way in world affairs antagonistic to our interests.

Against those risks must be weighed the benefits that growing unity can bring to Latin America's own more rapid development, and the benefits to the United States of a more prosperous, more self-reliant and more stably progressive group of neighbors to the South. If the policies agreed on at the Summit can engender in Latin America the kind of development experienced in recent generations in such countries as Canada and Australia, the results

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will surely make for a world environment more suited to our own broadest interests.

In the short run, Adolf Berle was entirely correct in pointing out five years ago that Latin America needs the United States much more than the United States needs Latin America.[5] But there is every reason to expect that even before the year 2000, when 600 million Latin Americans will be sharing the Hemisphere with 300 million North Americans, the voice of Latin America will be heard more loudly and insistently on the world stage. Without indulging in over-romantic "grand designs," one can descry the possibilities of a major new force emerging in support of the rule of law, the maintenance of free institutions and the primacy of humane values.

All this will depend, however, on the success of the programs laid down by the Presidents in April. There is certainly no guarantee of success. Latin America is still in the latter stages of a half-century struggle to cast off social and economic molds inherited from the colonial era, and the birth pangs of modernity are severe. It would be all too easy to relapse into a new and prolonged time of troubles.

As President Johnson said on departing from the Summit: "Economic and social development is a task not for sprinters but for long-distance runners." But if the determination of the Summit can be sustained in Latin America, and can be backed by sustained coöperation from the United States, then future historians will be able to say that what was started at Punta del Este in 1961, and redirected and reinvigorated at Punta del Este in 1967, came to constitute the great divide in Latin America's political and economic history.

[5] Adolf A. Berle, "Latin America: Diplomacy and Reality." New York: Harper and Row (for the Council on Foreign Relations), 1962, Chapter 1.

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THE POLITICS OF PRIVATE FOREIGN INVESTMENT

By Leo Model

THE unique role of the United States in the world economy arises not from the fact that it is by far the largest trading nation but from the importance of the Government's payments abroad and the magnitude of U.S. private foreign investment. In 1966, the Government provided $4.6 billion in economic aid and foreign credits, and military expenditures abroad were $3.6 billion (apart from military aid), while the outflow of private capital was close to $4 billion. It is clear enough that the international transactions of the U.S. Government are essentially of a political character, although they have important economic effects on this country and the rest of the world. What is not so clear is that there are political aspects to our private foreign investment—not because it is motivated by foreign policy considerations, but because foreign countries are concerned about its impact on their economic and foreign policies. This is inevitable, given the magnitude of these investments and their role in the economies of the countries in which they are made.

The private foreign investments of the United States now have a book value of over $86 billion. Last year they yielded a net income of about $7.0 billion of which about $5.6 billion was remitted to the United States and about $1.4 billion was retained by the foreign subsidiaries as undistributed profits. In addition, over $1 billion was remitted in fees and royalties. The true market value of U.S. private foreign investments, as indicated by a conservative capitalization of the income, must be well in excess of $100 billion. (See Table I, next page.)

In 1963 and 1964, net new private foreign investment reached $4.46 billion and $6.52 billion respectively. In the past two years, because of substantial restraint on U.S. foreign investment through the program of voluntary guidelines and the Interest Equalization Tax, which deterred investors from pursuing higher interest rates abroad, the totals fell to $3.69 billion in 1965 and $3.91 billion in 1966. Apart from new issues of foreign bonds, virtually all U.S. foreign investment in the past two years has been direct investment—that is, in branches and subsidiaries of U.S. companies abroad. The book value of such investments is

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now about $54 billion (1966 estimated). At the end of 1965, the last year for which such data are available, about 60 percent of this was in Canada and Europe, about 20 percent in Latin America and other Western Hemisphere countries, and about 20 percent in the rest of the world. By industries, nearly 40 percent of U.S. foreign direct investment is in manufacturing, over 30 percent in petroleum; the rest is widely distributed in trade, mining and smelting, and miscellaneous enterprises. (See Table II.)

The political problems arise almost entirely from U.S. direct investment; what complaints other governments may make with

I. VALUE OF U.S. PRIVATE INTERNATIONAL INVESTMENT AND REMITTED INCOME

(in billions of dollars)

Year end	*Total private investment*	*Direct*	*Securities*	*Other*	*Remitted earnings: Income*	*Fees and royalties*[a]
1919	7.00	3.90	3.10		.54	n.a.
1930	17.20	8.00	9.20		.88	n.a.
1950	19.00	11.79	4.33	2.88	1.48	.13
1955	29.14	19.40	5.48	4.26	2.17	.16
1960	50.39	32.78	9.56	8.06	3.00	.40
1961	55.51	34.66	11.01	9.84	3.56	.46
1962	60.03	37.23	11.87	10.93	3.95	.58
1963	66.51	40.69	13.30	12.53	4.16	.66
1964	75.82	44.39	14.47	16.97	4.93	.76
1965	80.94	49.22	15.22	16.50	5.39	.91
1966[e]	86.50[e]	54.00[e]	15.65[e]	16.85[e]	5.59	1.05

[a] From direct investment enterprises only.
[e] Estimated.
Source: *Survey of Current Business* (Dept. of Commerce), September 1966, p. 40, adjusted for 1966.

respect to portfolio investment and credits generally have to do with their alleged inadequacy. The ownership of foreign securities and the granting of foreign credits are largely passive in nature; they involve very little U.S. influence on production, employment and trade in foreign countries. On the other hand, direct investment is by its nature a part of the economies of foreign countries. Not surprisingly, it gives rise to problems that are political as well as economic in character.

II

The role of U.S. direct investment in the world economy is staggering. According to the U.S. Council of the International Chamber of Commerce, the gross value of production by American companies abroad is well in excess of $100 billion a year.

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That is to say, on the basis of the gross value of their output, U.S. enterprises abroad in the aggregate comprise the third largest economy (if such a term may be used to designate these companies) in the world—with a gross product greater than that of any country except the United States and the Soviet Union. Of course, these enterprises are large users of raw materials and components produced locally, so that their contribution to the net product (value added) is much less than their gross sales.

It may be said that this combines the activities of a thousand U.S. companies operating in a hundred foreign countries and

II. REGIONAL AND INDUSTRIAL DISTRIBUTION OF U.S. DIRECT INVESTMENT, 1965

(in billions of dollars)

Country or Region	*Total*	*Manufacturing*	*Petroleum*	*Mining and Smelting*	*Trade*	*Other*
Canada	15.17	6.86	3.32	1.76	.88	2.36
Latin America	9.37	2.74	3.03	1.11	1.03	1.45
Other Western Hemisphere	1.44	.20	.50	.31	.09	.34
Europe	13.89	7.57	3.43	.06	1.72	1.12
Africa	1.90	.29	1.02	.36	.11	.12
Asia	3.61	.67	2.38	.04	.25	.26
Oceania	1.81	.95	.50	.16	.10	.10
International and unallocated	2.02	1.13	....	....	....	.88
Total	49.22	19.28	15.32	3.79	4.19	6.23

Source: *Survey of Current Business*, September 1966, p. 34.

that for this reason it exaggerates the impact on the economies of individual countries. In a broad sense there is some merit in this argument; but if we consider key industries and key countries, it is by no means a distorted view. Most U.S. companies that have foreign branches or subsidiaries are large-scale enterprises—not only in this country but abroad. This is not surprising, as it is in the field of mass production, the use of automatic equipment, that American business is most efficient and most profitable. The consequence of this, however, is that, in manufacturing, U.S. companies abroad are concentrated in the most modern, the most strategic, the most rapidly growing sectors of the foreign economy. Three large American companies dominate the automobile industry abroad, even in some of the large industrial countries; the sales of their foreign affiliates amounted to $9.5 billion in 1964 and must have been well over $10 billion last

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year. In Western Europe, U.S. companies have a virtual monopoly in producing sophisticated business machines.

In many less developed countries, enterprises involving the development of natural resources are almost all foreign-owned, mainly American. In some of these countries, foreign companies producing petroleum and minerals are the only enterprises using modern methods of production. In Canada the major sectors of the economy are foreign-owned to an unusual degree. In terms of capital employed at the end of 1963, the proportion of foreign investment was about 54 percent in manufacturing, 64 percent in petroleum and natural gas, and about 62 percent in mining and smelting; and seven-eighths of the foreign ownership was American. This explains why so many Canadians are preoccupied with foreign ownership of key sectors of their economy. It explains why foreign direct investment is not merely an economic but also a political problem.

To put the discussion in perspective, however, several points need to be made. First, U.S. companies have made and are making an enormous contribution to the economy of the countries in which they have direct investments. They operate efficiently, pay high wages, bear a fair share of taxes and make a large contribution to exports. Furthermore, they are a continuing source of technical know-how for their branches and subsidiaries abroad. In many instances, a country could not have developed a particular major industry if one or more American companies had not created the market, produced the goods and assumed the risks of investment.

Second, our direct investments abroad have been profitable to the companies concerned and have contributed to the basic strength of our balance of payments. Remitted earnings on direct investment amounted to about $4 billion in 1966, apart from the billion dollars paid by branches and subsidiaries of U.S. companies in royalties and licensing fees. Even now, when new funds going into direct investment are near the peak, the amount is substantially less than remitted earnings, as the table on the next page shows. Furthermore, foreign branches and subsidiaries of U.S. companies are good customers for our exports. While foreign affiliates may to some extent compete with their parents in export markets in third countries, it is by no means clear that this displaces American exports that would otherwise have been made.

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Third, U.S. direct investments are on the whole conducive to maintaining a balanced pattern of international payments. Except in Europe, U.S. receipts of income and royalties and fees from direct investment are equal to or in excess of the new funds going into direct investment. While direct investment in Europe is a relatively large burden on our balance of payments, the situation may be reversed in a few years. In the meantime, the strain is relieved by the fact that a considerable part of the funds used by U.S. companies for direct investment in Europe is raised abroad. In Canada, Australia, New Zealand and South Africa, income from direct investments, including fees and royalties, is about equal to new funds going into direct investment. In the

III. NEW DIRECT INVESTMENT AND RECEIPTS FROM U.S. FOREIGN ENTERPRISES, 1965–66

(in millions of dollars)

	New funds[a]		*Income*		*Fees, royalties*	
	1965	*1966*	*1965*	*1966*	*1965*	*1966*
Europe	1,432	1,673	760	703	369	455
Canada	895	1,071	692	755	185	211
Australia, New Zealand, South Africa	171	159	139	144	59	69
Latin America and other Western Hemisphere	260	228	1,014	1,100	171	185
Asia and Africa	570	289	1,287	1,252	115	121
International and unallocated	43	−57	69	24	10	10
Total	3,371	3,363	3,961	3,978	909	1,051

[a] Does not include capital raised abroad.
Source: *Survey of Current Business*, March 1967, p. 26–31.

rest of the world, largely the less developed countries, receipts from direct investments, mainly in petroleum and mining, far exceed new funds going into direct investment. This does not, however, hurt the balance of payments of these countries, for the output of U.S. foreign enterprises there is almost all exported, and provides the foreign exchange necessary to pay for imports as well as remitted profits.

In view of the mutual advantages derived from U.S. direct investment abroad, it may be asked why there should now be so much concern about it. The answer is that direct investment has social and political, as well as economic, aspects. In truth, most countries are ambivalent in their attitude toward U.S. direct investment. They want American industry but not on the scale or scope of the direct investment of recent years. No coun-

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try wants to see its basic industries controlled by foreigners—even by efficient and friendly foreigners. The social and political ramifications of foreign control over large segments of the economy affect investors, businessmen and technicians, competing firms, the banking and financial markets, and even the foreign policy of a country.

III

The very fact that U.S. enterprises abroad are so large and so successful has generated a resurgence of economic nationalism—a mixture of mercantilist protectionism with political overtones. Local businessmen often feel that they are being excluded from the most profitable growth sectors of the economy because they cannot compete. Indeed, the competitive gap tends to become wider because U.S. companies have access to the research and development of their parent firms in the United States. How would American businessmen feel if they were deprived of the principal role in supplying the United States with automobiles, computers, data processing equipment and a long line of new products being steadily introduced from abroad? Can we doubt they would feel that they were being condemned to the traditional, often static, industries which are growing at a slow rate and in which profit opportunities are very limited?

Because U.S. enterprises abroad are almost all wholly owned by the parent company, investors have no opportunity to buy stock in some of the most successful companies in their own country. A German who wants to invest in the leading company in the German oil industry has to buy Standard Oil of New Jersey. A Canadian who wants to invest in the leading company in the Canadian computer industry has to buy International Business Machines. An Australian who wants to buy shares in the leading company in the Australian automobile industry has to buy General Motors. These are excellent companies and investors all over the world have done well with their shares. But they are U.S. companies, not German, Canadian or Australian companies. Foreign investors in such enterprises can have only a miniscule voice in determining the policies of these companies in their own countries.

The size and success of U.S. foreign enterprises make it possible for them to absorb a more-than-proportionate share of the scarce resources for investment. In 1966, American companies

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spent about $9.2 billion on new plant and equipment for their foreign branches and subsidiaries. About $3.6 billion of this was in Europe. In this major industrial region, economic policy in 1966 was designed to restrain the growth of investment in order to resist inflation. And yet, American expenditures for new plant and equipment in Europe were 34 percent higher in 1966 than in the previous year. These investments intensified the inflationary pressures and necessitated severe restriction on investment by domestic enterprises.

One aspect of the restraint imposed on investment in Europe in 1966 was the very tight credit policy. For various reasons, this had less effect on American than on domestic companies. Like all businesses at home and abroad, U.S. foreign enterprises finance a large part of their new investment out of retained earnings and depreciation and depletion allowances, as well as new funds sent from the United States. But they also depend on money borrowed in foreign markets. Because of the U.S. guidelines on direct investment, American companies in the past two years have depended to an unusual degree on borrowing in Europe, causing local firms to feel that they were being shut out. The fact is that U.S. companies have an astonishing facility for raising money abroad. In 1965 the total was $3.6 billion, as compared to $2.5 billion in new funds transferred from the United States. American firms are very good risks, and when their foreign bonds are denominated in dollars, guaranteed by the parent company and in some instances convertible into stock, very few domestic enterprises can compete with them in the European capital markets. U.S. companies floated about $800 million in dollar bonds in Europe in 1965 and 1966.

There is another aspect of the problem that is of great psychological importance. Even when U.S. enterprises abroad are headed by nationals of the host country, these executives seldom have the responsibility associated with their position. While the head of a branch or subsidiary may have final operating responsibility, the basic decisions on investment for expansion are made in New York, Chicago, Boston or Detroit. Actually, the chief executive officer of a foreign enterprise is quite often the man at the home office (or U.S. holding company) who is in charge of foreign operations. Thus, the responsibility of a foreign national, nominally the head of a U.S. branch or subsidiary, is distinctly inferior to that of the head of a domestic company.

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Much the same may be said of the scientists and technicians employed by U.S. enterprises abroad. As noted, these companies are to a large extent concentrated in the new and rapidly growing industries which are most conscious of the importance of research. Unfortunately, in many instances the research is done almost entirely in company laboratories in the United States. Technical information is provided for the subsidiaries at second-hand. This cuts off foreign scientists and technicians from the best opportunities for industrial research in their own countries. In fact, the problem is one of national concern. If foreign countries do not independently conduct research and development, they will suffer from technological retardation that will seriously affect their economies.

The political problems that arise from U.S. domination of major economic sectors of foreign countries may be even more serious. An American company with direct investments in a foreign country is subject to the laws of the United States as well as those of the country in which it operates. It has, therefore, a dual loyalty. Under the Trading with the Enemy Act, the United States has placed an embargo on exports to Communist China, North Korea, North Viet Nam and Cuba. An American corporation in Canada would be violating U.S. law if it exported to these countries. On the other hand, Canada has no embargo on trade with these countries, except in strategic goods on the agreed NATO list. The decision of Canadian branches or subsidiaries of U.S. companies not to export to these countries is opposed to Canadian foreign policy, impairs the country's balance of payments, and holds down production, employment and income. Is it any wonder that some Canadians say they are no longer masters in their own economic house?

Our own balance-of-payments difficulties have aggravated the problems of other countries. As a result of the Administration's guidelines designed to limit the flow of new funds into direct investment abroad, many countries in Europe feel that they are financing the take-over of their own industries by U.S. companies, either because the funds for such expansion come from their own nationals or because their monetary authorities feel obliged to hold more dollars than they want as a result of our payments deficit. In other countries, where the expansion of American enterprises is essential to development, U.S. companies are urged by their Government to step up the remittance of profits, to ex-

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port more to their foreign affiliates and to import less from them. Is it any wonder that some Australians say that the guidelines for U.S. companies have the effect of improving our balance of payments by worsening theirs?

We pride ourselves on the contribution that large U.S. companies have made through direct investment to economic development in Latin America, Asia and Africa. There is no doubt that they have done much to bring modern methods of production to countries in these areas. But in many, and perhaps in most, instances, the enterprises are managed by Americans and decisions on all major questions are made by the directors in the United States. Too often, the U.S. branches and subsidiaries constitute a sort of technological enclave—foreign-owned, foreign-managed and foreign-directed—in an economy that remains essentially primitive. Is it any wonder that some less developed countries believe that these enterprises have done less than they could or should to foster domestic enterprise, domestic technical development and a broad and balanced industrial economy?

These are the criticisms with which American business and Government are confronted in connection with direct investment abroad. Unfortunately, it is not sufficient to answer the critics by saying that our companies meet all the legal requirements of the host country and that the production and employment standards they set are enlightened and far in advance of local firms. Other countries know all this. They want the industries that foreign investment has brought to them. But they also want to integrate them with their own economies. They want the business policies of U.S. branches and subsidiaries to be in harmony with national economic, social and political objectives. They want enterprises capable not only of producing and selling but also of doing research, in collaboration with the parent companies abroad. They want their own nationals to participate in the ownership, to provide executives and technicians and to have a significant say in the direction of foreign-owned enterprises. These countries are not asking too much, and they will not be satisfied with less.

There is no easy answer to these problems. It is futile to appeal to traditional economic theory, to recall historic friendships and alliances, or to expect gratitude for economic and military aid, past or present. The policies of sovereign nations are governed not by sentiment but by national interest. If our business firms and our Government recognize this, it may be possible to solve the

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economic, social and political problems involved, for our national interests and those of other countries are not irreconcilable. It will take farsighted statesmanship and sympathetic understanding on both sides, but it can be done.

IV

The greater the extent to which U.S. companies dominate the economy of foreign countries, the greater will be the fear and resentment to which they give rise. If foreign governments believe that the operations of U.S. enterprises place pressure on their economic and foreign policies, they will inevitably decide to exert counter-pressure to neutralize the dominance of American firms. Such a game of pressure and counter-pressure cannot be in the long-run interests of either country. If the United States adopts policies designed to permit private companies to assume and retain a dominant role in the economies of unwilling hosts, it will encounter resistance that will inevitably spread from the economic to the diplomatic sphere.

New funds going into American direct investment abroad have nearly doubled in the past five years—most of them concentrated in manufacturing in Western Europe. A period of consolidation is now in order. While it is not possible for established enterprises to avoid continued growth in their foreign investments if they are to retain their market position, a moratorium should be declared on expansion into new fields, and particularly on buying up existing companies. Such a period of consolidation would reassure Europe that its economy will not become a satellite of American industry, and might moderate, although it would not end, the criticism that U.S. companies are encountering abroad.

The United States cannot, of course, be indifferent to the interest of its investors abroad. They have a right to look to their Government for protection and the Government has a duty to provide such protection within the limits of its foreign policy. But here a distinction can be made between new investments and old investments. The United States should not oppose measures by other countries that would restrict the entry of new foreign firms into specified sectors of the national economy, but it can urge that such measures avoid discriminating against U.S. companies. In low-income countries, foreign investment obviously can be helpful to economic development. As a generous donor of aid, it is not inappropriate for the U.S. Government to point this out.

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But it must be objective in urging this view and it must not be a sponsor of particular enterprises, however helpful the proposed investments would be to the economies of these countries.

Where foreign governments place restrictions on existing U.S. investments, the proper role of diplomacy is more difficult to define. Obviously, it is inappropriate to oppose reasonable regulations considered necessary for the domestic economy—say, restrictions on remittances of profits for balance-of-payments reasons—provided they are nondiscriminatory. As for the nationalization of U.S. enterprises, there should be clear evidence that it is nondiscriminatory and that adequate compensation will be promptly paid. The problem is more difficult where foreign enterprises are required to divest themselves of a large share of their ownership (say, 50 percent) to nationals of the host country, and they should be given adequate time to find acceptable partners and to negotiate a fair price for the share of their business that they must sell.

Ideally, disputes between governments and foreign investors should be settled on economic, not political, grounds. The World Bank has sponsored a multilateral Convention on the Settlement of International Investment Disputes which provides machinery for conciliation and, where agreed to, for arbitration. As the Legal Adviser of the State Department said in a written statement to the Senate Foreign Relations Committee, this "mechanism for impartial resolution of any disputes between investors and host governments is a meaningful step toward assuring fair treatment for investor and host country alike." It is to be hoped that many more countries will eventually subscribe to the convention. Where a dispute arises with a country that is not a party to the convention, there is little the United States can do beyond pointing out that unfair treatment of U.S. investors will interfere with the maintenance of the best economic relations between the two countries. The exercise of diplomatic pressure for the benefit of U.S. companies may create serious resentment and merely worsen the investment climate.

In any event, it would be unfortunate if the position of American business abroad were to become dependent on diplomatic pressure from Washington. Ultimately, U.S. companies must adapt themselves to the conditions that confront them abroad; and it would be the highest statesmanship if they took the lead in setting appropriate standards for their operations in foreign

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countries. First, we must accept the premise that U.S. business—no matter how efficient, no matter how productive—cannot expect to dominate the economy of any country, whether highly industrialized or underdeveloped. Second, we must accept the premise that foreign countries should have access to our technical knowledge without being required to accept domination of their basic industries to acquire it. Third, we must accept the premise that foreign investors, foreign executives and foreign directors have a right to participate in the ownership, management and control of U.S. companies operating in their countries.

Once these premises are accepted, the practical solution becomes evident. No U.S. company should control all or nearly all of a basic industry in a foreign country if any part of the business can be done by local firms. Instead of shutting out competition, our companies should help to establish it. Whenever strategic considerations do not prevent it, U.S. companies should enter into licensing agreements for the use of their patents and technical processes by domestic companies in the countries in which they operate. Such a policy is, after all, much the same as they are required to follow in the United States under the antitrust laws. Even this would not assure other countries the broad and steady technical development that is essential for economic progress. Actually, there is no substitute for a do-it-yourself program in research and development; and foreign countries should help their own companies to coöperate in such work. Europe has been very successful with multinational economic coöperation; similar coöperation in research and development should be possible in key industries.

Local investors in foreign countries should be encouraged to buy shares in the subsidiaries of U.S. companies abroad. There are, to be sure, practical difficulties. In some instances, all or a very large part of the earnings must be retained for the growth of the business, so that dividends, if any, may be small for some years. This might make it difficult to sell the shares at a fair price. Other problems may arise where subsidiaries in different countries have close working relations, so that the allocation of profits between them is determined more or less by accounting rule-of-thumb. A possible solution is to form a holding company, say, for all European subsidiaries of a particular firm, with shares of the holding company offered for sale in the countries in which the subsidiaries operate. It is interesting to note that Dow Chemical

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Company and Swift & Company have jointly established an Australian company which will offer equity participation to local institutional investors. After the venture is operating on a profitable basis, the shares may be publicly traded.

Finally, U.S. companies abroad should conduct their operations in complete harmony with the political, economic and social objectives of the host country. For the U.S. Government this would require a self-denying policy on the use of the Trading with the Enemy Act to control the operations of foreign branches and subsidiaries, except in time of emergency. For U.S. companies, this would require that some of the principal executive officers and directors be nationals of the host country. The participation of foreign nationals in management and control should be more than nominal. It would defeat the purpose of such a policy if the officers and directors of a foreign subsidiary were no more than local agents carrying out directives from the head office in the United States. Needless to say, such officers and directors would have the duty of operating the company in the interests of the shareholders —a duty inherent in all corporate management. In the long run, U.S. companies will be better off if they recognize that their foreign subsidiaries have the same responsibility for achieving the economic, social and political objectives of the host country as do American companies operating in the United States.

Such a policy on direct investment requires great foresight and restraint by U.S. companies. In the long run, it is the only tenable policy because it is in accord with the economic interest of business and the national interest of both the United States and foreign countries. The overwhelming economic power of the United States is shown by the fact that some of our giant companies are larger than the entire economies of small but highly industrialized countries like Belgium and the Netherlands; they are incomparably larger than the entire economies of nearly all of the less developed countries. Economic power of this magnitude carries with it equivalent responsibility. If our companies use their power with consideration for the well-being of other countries, as well as for our own, they can be of tremendous help in creating a prosperous world economy employing modern methods of production. Otherwise, their economic power will be a constant irritant in our diplomatic relations with the rest of the world and will ultimately defeat their own interests.

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INDIA ADRIFT

By Krishan Bhatia

A combination of factors is inexorably pushing India toward what may be described as a political and economic watershed. The decisions and actions that its leadership takes—or fails to take—this year may shape the history not only of India but perhaps of Asia for a long time to come.

To say that affairs in India have reached a watershed is perhaps an understatement or a euphemism. It would be more accurate to say that the country is faced with the biggest crisis since its independence twenty years ago. The coming months will show whether we have the capacity to face it determinedly or will move apathetically down the slippery slope of economic chaos as China did some thirty years ago.

None of the problems and challenges that India is facing at present is new or unexpected. At various times since independence we have been confronted with each of them. We have also had adequate warning that they were developing. What makes the situation so difficult and disheartening—many in India sincerely doubt if the country has the capacity to face it—is the fact that such a large number of problems have to be dealt with simultaneously. To give only an abbreviated list of them, India's population has crossed the 500 million mark and its annual rate of growth shows no sign of declining from 2.4 percent; its economy is stagnating; its once ample resources have been frittered away on grandiose schemes which have failed to pay the expected dividends, and its treasury is literally empty; it has experienced three successive years of drought, a phenomenon unparalleled in living memory, and consequently has a food deficit this year conservatively estimated at twelve million tons; the monolithic Congress Party, which won the country its freedom and has held it together since independence, is crumbling and in certain areas its place is being taken by political parties lacking broad vision or dedication to national unity; charismatic national leaders like Mahatma Gandhi and Jawaharlal Nehru have been replaced by ones with local or at best regional followings and limited political wisdom; disenchantment with the leadership is widespread and the country seems to be losing its self-confidence.

The results of the general election held earlier this year were

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not only surprising and unexpected—even the worst enemies of the ruling Congress Party had not anticipated the mauling that it actually received—but also highly significant. This first election without Mr. Nehru clearly demonstrated that the people of India, notwithstanding their lack of formal education and economic backwardness, valued their vote and had learned to exercise it independently if not always judiciously. It also showed convincingly that elections in India were fair and that there was no noticeable evidence of any official attempt to interfere with their conduct. (If official interference were not the exception but the rule, such Congress Party stalwarts as Kumaraswami Kamaraj, S. K. Patil, Atulya Ghosh and the Chief Ministers of several States would not have been allowed to lose their seats in the legislatures.)

That was the credit side of the general election. On the debit side, it exposed India's unity to stresses and strains which may well prove unbearable, opened uncharted and hazardous avenues in the relationship between the States and the Center, and pushed the aging Congress Party out of office in more than half the States without evolving a stable alternative pattern of power.

The new pattern is confusing. At the Center, the Congress Party has won an absolute majority (although the present margin of less than fifty seats must seem meagre when compared to that of over two hundred in the previous Parliament), but it has been defeated in half the States. The non-Congress parties which have come to power in the States must watch the Congress-controlled Central Government with suspicion and hostility. In five of the eight States which were lost, ministries have been formed by what may charitably be described as a "consortium of parties." Many of the coalescing parties have little in common ideologically and are held together only by their desire for power. In Punjab, for example, the principal partners in the government are the Akalis and the Jana Sangh, the parties representing, respectively, Sikh and Hindu chauvinism; it was their mutual antagonism that led to the State's bifurcation last year. In West Bengal, the Chief Minister is a rather conservative liberal ex-Congressman, while the Deputy Chief Minister, who also holds the finance portfolio, is a Communist, and a Peking-oriented Communist at that. In order to maintain their precarious unity, these strange bedfellows may tend to face the Congress at the Center with more belligerence than is justified. At the same time, unaccustomed as it

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is to sharing power with other political parties, Mrs. Indira Gandhi's Government may not deal with the non-Congress States with the required degree of patience and understanding. In some States, as in Uttar Pradesh and Haryana, the non-Congress ministries are headed by former Congressmen whose defection after the elections led to the Congress Ministries' defeat there; this will not improve the Center's disposition toward them.

Even in the brief time since the elections, we have seen the tendency of the Central and State governments to pull in different directions. The head of the Left-Communist Government in Kerala, E.M.S. Namboodiripad, has demanded a firm assurance from the Center of an adequate and uninterrupted supply of rice for his State. He has also openly demanded to know why foreign exchange earned by exports from Kerala should not be earmarked exclusively for the use of his State. This may open a dangerous avenue of political thinking leading ultimately to secessionist moves. The West Bengal Chief Minister, Ajoy Mookerjee, has similarly visited Delhi to make what in the present state of India's food reserves must seem exacting demands. After reëlection to the Haryana legislature on the Congress ticket, Birender Singh defected from the party to head a non-Congress ministry, and suggested convening a meeting of non-Congress Chief Ministers to evolve a common line of action for dealing with the Center. This tendency to challenge the Center may disappear as the governments get into their stride, but it is quite as likely to increase.

II

As for India's fundamental problems, the economic crisis is admittedly the most pressing. India's economic planning has been highly sophisticated but totally unreal. In their thinking, Indian leaders and planners have been influenced by ideas which at best have limited relevance to the country's immediate needs and resources. Also, they have been unwilling to free themselves of the slogans which they coined during their long fight against the British. And while much attention has been devoted to preparing the blueprints of the four Plans, their execution has been neglected. Metaphorically speaking, the imposing Planning Commission building in New Delhi has had no windows through which to see what was happening outside. Poor field performance has seldom incurred corrective sanctions. In deciding certain issues, such as the location of large industries, political considerations

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have often been allowed to outweigh purely economic ones. One part of the MIG aircraft factory, for example, is located in Nasik in Maharashtra and another in Orissa nearly one thousand miles away, while the electronic equipment for the aircraft will be produced at Hyderabad in Andhra, which is several hundred miles from the other two plants.

It was perhaps their endeavor to think in grandiose industrial terms that made leaders like Mr. Nehru fail to grasp the real importance of agriculture and family planning. Some attention was paid to the former, but for all practical purposes the latter was totally ignored. Even now the population control program moves with marked sluggishness along a course which is still beset with red tape and administrative inefficiency, and it reaches only a small proportion of the people. At the present pace, it may be twenty years before it has a decided impact on the birth rate, and by then the country's population will have risen beyond 700 million. Many people think that population control is already a lost cause.

These and other factors have combined to create a situation of near economic disaster. The export deficit rose last year to over $1 billion, while interest on foreign loans amounted to another $400 million. Last summer, Mrs. Gandhi bravely devalued the rupee but it failed to reduce the pressure of inflation or bring about the industrial buoyancy that was expected. The devaluation was not followed by the lifting or easing of the controls which hold Indian industry in a virtual administrative straitjacket. Consequently, exports fell instead of rising and industry is experiencing the worst recession in decades. The cost of living has risen by nearly 20 percent in a year.

But India's woes are not solely economic. The failures at the political level have been even more grievous, though their consequences are not as readily visible. It was of course foreseen that the titanic leadership thrown up by the struggle for independence and the great sense of idealism generated by it would some day disappear. It was also expected that lesser men would come to power and that politics in India would acquire a less exalted character. Despite this, the crop of leaders at the Center and in the States has been a great disappointment and politics has become too unashamedly a pursuit of power. Power—in fact petty, personal power—seems to have become an end in itself in many an area of Indian public life today.

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In sharp contrast to the people's earlier starry-eyed faith in their leaders' integrity and dedication, there is in India today a general sense of disillusionment. Many people talk of politics and politicians with unconcealed disdain, and few would credit them with any deep concern for the public good. Everyone in politics, it is frequently said, is there to make his personal fortune. This is obviously an exaggeration but it is by no means baseless. In any frank and honest appraisal of the Congress Party and its top leaders, it must be admitted that they have invited a great deal of justifiable public anger and hastened the party's disintegration by their tolerance of corruption. The concept that those holding public office must, like Caesar's wife, be above reproach was not accepted. Even when serious and precise charges of corruption were publicly leveled against a Central minister or a State Chief Minister they were seldom investigated; or, as in the case of allegations against two State Chief Ministers, such extensive documentary proof was insisted on as to make a mockery of the inquiries. No minister would be foolish enough to leave a trail of documentary evidence in his pursuit of corrupt ends. Even when misuse of authority was established, the punishment was negligible. In one instance, after a charge of impropriety had been established against a former Chief Minister, he continued to be a member of the Congress Party's highest policy-making bodies. This typified the party's attitude toward corruption in high places. In Mr. Nehru's cabinet there were some ministers whose personal integrity was widely doubted and yet they flourished politically and were included in successive cabinets. Many a politician with no ostensible source of income has been seen to live in style after a brief ministerial assignment. Sons and relations of many a person in power have suddenly blossomed into business tycoons displaying a flair for commerce and industry which somehow had remained dormant until political power came to the family. Others who have not amassed personal wealth have collected funds for the party (which really means their own supporters in the party) or accepted fabulous sums as "birthday gifts." Corruption and misuse of authority apart, Congressmen at the Center—and more so in the States—have gone to such lengths to attain office that they have earned public ridicule.

Inevitably, the politicians' selfishness has also infected the civil services. The top bureaucracy's pursuit of power is perhaps a little more sophisticated and less conspicuous than that of the poli-

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ticians, but it is just as harmful. Senior civil servants tend to gravitate to New Delhi, for it is the capital which offers the principal spoils. They thereby leave the States in the hands of relatively junior officials who are not always capable of withstanding pressures from politicians. In the States, where political pressures are exercised rather more blatantly than at the Center, and cover a vast area of public life, certain major acts of alleged corruption might not have been committed if senior and self-confident officials had been there to point out to the politicians the impropriety involved.

At the Center the attractions for civil servants are enormous. Besides getting extensions in service beyond retirement age, a senior official, if he is able to win ministerial good will, can aspire to be an ambassador or a State governor or at least the chairman of some state-owned corporation. In order to win the necessary good will, he inevitably panders to the wishes of the politicians. Thus, at the highest level of policy-making, the country is deprived of the benefit of his independent judgment fearlessly expressed. At the lower levels of administration, government employees are resentful of the economic pinch they are in, and feel that their welfare is not receiving due attention. Thus, in the country's vast administrative structure there is only a small segment at the middle level which has neither wholly lost its enthusiasm nor succumbed to the irresistible pressures of personal ambition.

As far as the public is concerned, it alternates between sudden bursts of irrational anger and prolonged and equally inexplicable periods of apathy. In recent times, particularly since the beginning of 1965, violence has erupted in many parts of the country; yet the people's capacity to tolerate administrative inefficiency and suffer the tyrannies of petty bureaucracy has been enormous. Even in New Delhi, which should be something of a show-window for this country, and where the administration should be anxious to put its best foot forward, one is appalled at the indignities and annoyances that a citizen silently suffers every day. Public utilities in the capital are primitive. Serious pollution of the drinking water is an almost constant hazard. The state-run milk-supply organization is in a shambles. The city's hospitals and schools are ill-equipped and crowded. Many of the problems facing Delhi undoubtedly are due to the fact that the city has expanded at a greater rate than the civil authorities could cope

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with, but administrative negligence is also a prominent factor; what is worse, it is accepted without much protest. During the last two years the people have tended to rise in anger over political matters such as the language issue or a border dispute between two States (particularly when politicians were around to incite them), but on questions affecting their day-to-day life they have often showed remarkable forbearance.

III

In these circumstances it is not surprising if foreign observers —not necessarily hostile to India—should wonder if democracy will survive in India. At home and abroad, there has been speculation about the possibility of a military coup. In these days of rapid transition, nothing can be dismissed as impossible, but the prospect of a military coup in India is exceedingly remote. The Indian army is still composed of professional soldiers with little involvement in politics. Also, it comprises such diverse linguistic and religious elements, and is spread over such a vast area, that the unity of purpose and action which a coup presupposes would be almost impossible to achieve.

If the army in Pakistan was able to act effectively against the politicians in 1958, it was largely because the armed forces there were much more closely knit than one would have expected in a country which consists of two parts with more than a thousand miles between. Pakistan's geographical and linguistic diversity was hardly reflected in the composition of its army; at that time East Pakistan had no place in the country's army. It was composed primarily of Pathans and Punjabis, who have much in common. Another factor which facilitated the army's rise to power was that Pakistan had had no democratic election since independence and democratic values had scarcely developed roots there.

Solutions to India's problems, therefore, will have to be found by its political leaders. But will they be able to make the necessary decisions? If real solutions are to be found, the decisions will have to be big—and sometimes harsh. Making them will require much courage.

First and foremost, those who run the Government will have to rid themselves of the attitudes acquired in the early years of Indian independence when economic and political realities were not as stark as at present. Certain slogans fashioned during that period are no longer relevant and serve only as mental shackles

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for the leadership; they must be consciously discarded. Basic policies must be judged by the results they produce and not by their faithfulness to any particular ideology. Such an approach may seem to lack idealism but it must be realized that India needs this kind of pragmatism to extricate itself from the present unhappy situation.

It is true that a nation's foreign policy is difficult to change overnight. At the same time it is not desirable for a country to have a static, unchanging pattern of international relationships. Indian foreign policy must respond to a new era in which nonalignment has been reduced to a sterile slogan. The concept of nonalignment had its value and impact on international relations some years ago, but in the light of recent developments a warmed-over Bandung approach based on the assumption of a mystic unity among Asian and African nations is seen to be a dead-end street. China has become a menace not only for India but for Asia; and the United States and the Soviet Union, whose mutual antagonism gave nonalignment meaning, are eagerly exploring the possibilities of coexistence. In these circumstances, such conferences as that between Gandhi, Nasser and Tito in New Delhi last October seem a rather pointless exercise in flogging a nearly dead horse. This is not to suggest that India must rush into one bloc or the other or enter into a defense pact. No bloc would be too eager to be saddled with the responsibility of defending a vast and vulnerable country like ours. In any case, as Pakistan's political waywardness has recently demonstrated, defense pacts themselves are outdated. What India should do is to take a realistic view of the Chinese threat and shape its foreign policy so as to combat it effectively.

An understanding with Pakistan—a working arrangement if not an abiding friendship—must be the basis of any real resistance to Peking. This, of course, presupposes a settlement of the Kashmir problem, but unfortunately both President Ayub Khan and Mrs. Gandhi lack the political strength for any bold attempt to resolve the dispute. Conscious of their weakness, they tend to stick rigidly to their declared stands, but it is essential that they move, however slowly, toward a solution.

Taking a new and pragmatic tack with the domestic economy is perhaps even more necessary for India's recovery. Other countries in the region faced with similar, if not worse, circumstances have overcome their problems effectively, and there is no reason

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why India should not be able to do so. Taiwan and South Korea are small countries, but their difficulties in regard to food and population were not less serious than India's. Also, though in quite different degrees, they had the enormous task of recovering from the ravages of war. Most of their difficulties are now behind them, in large part because their leaders had the right sense of priorities, adopted methods which produced results and made effective use of the local and foreign capital available to them. In India there is much talk of socialism, but it means different things to different people. Whatever it is, its positive benefits have been few. It has raised expectations without fulfilling even a part of them. Also, it has given the Government and the people some needlessly negative attitudes, such as that toward foreign investments. In the past many a country has leaned heavily on foreign capital and technical know-how for quick economic development. There is no reason why India cannot do the same now without suffering political depredation.

Above all, Mrs. Gandhi, Mr. Kamaraj (who still wields power in the Congress Party) and Mr. Morarji Desai must burnish the image of political leadership and restore to it a measure of public respect and confidence. Otherwise the sullen apathy of the people will only deepen and the supreme effort to advance the nation will become impossible. In convincing the public that politics in India is not wholly devoid of a sense of public service, the Congress leaders must be joined by the various other parties which have come to power in nine of the sixteen States. If the Congress leaders make the effort, coöperation is almost certain to be forthcoming from other parties in power. Having profited from the Dorian Gray-like deterioration in the Congress Party's image, the other parties should be anxious to show to the people that they have a better set of values.

IV

Given the available leadership and the country's resources of spirit, money and technical competence, can India turn the corner? How likely is it that the right, bold decisions will be made before it is too late? That the average Indian has the desire to improve his lot and the necessary common sense and energy to work for it is undeniable. The present state of sullen indignation hides enthusiasm which needs to be harnessed. Where they have been given even minimum guidance and help, illiterate Indian

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villagers can claim noticeable achievements. In Punjab some areas have experimented successfully with high-yield wheat seeds from Mexico, and farmers in the rest of the State are clamoring for the new variety. In Madras and Andhra, despite the drought, farmers have increased the rice yield several fold with the help of the Taichung variety of paddy. The area covered by the family planning campaign is still depressingly limited, but the people's response has been heartening. In the field of industry, the Indian worker has acquired a degree of skill which should make India's labor force the envy of most countries in Asia and Africa. The standard of efficiency in industrial management is also generally acknowledged to be fairly high.

It is leadership which may prove to be India's Achilles' heel. Nehru's long inning as the supreme leader enabled India to acquire a sense of unity, but it also discouraged the emergence of successors. Mrs. Gandhi, Mr. Desai and Mr. Y. B. Chavan have merits as leaders but none of them has all the qualities essential for the leader of a vast country in serious difficulties. Mrs. Gandhi provides the youthful image and has shown herself willing to make unpopular decisions, but she lacks experience and sagacity. Mr. Desai, the Deputy Prime Minister, gives the Government the much-needed appearance of strength and is capable of the ruthlessness necessary in the present situation. Mr. Chavan is capable of shrewd, if unspectacular, action. In many ways they complement each other. The void at the top may be filled if they work unitedly and single-mindedly. Unhappily, they are all regarded as rivals for the post of Prime Minister and tend to look at each other with suspicion. The early weeks of the new Government do not suggest that they realize their personal shortcomings or the need to stand together. Nor does the composition of the new Central cabinet show an awareness of the gravity of the situation and the enormity of the economic and political problems facing the country. Few impartial observers would describe the Central Government as a cabinet of talent.

Perhaps in the coming months, as they get accustomed to working together, suspicion will gradually give place to trust and the vulnerability of their own positions at the top will remind each of them of the necessity to work in harmony. It may sound hackneyed but it is a fact: the top leadership is on trial and their period of probation may be amazingly short.

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NUCLEAR FUEL-FOR-ALL

By Leonard Beaton

THE achievement of a common Soviet-American position on the nonproliferation of nuclear weapons is of major international importance. Whether or not it leads to a treaty obtaining a large number of signatures, the two countries have now formally recognized one of their strongest common interests. What impact this will have on their ability to work together over a wider range of security problems remains to be seen and depends on many other factors. For the moment, the central question is what influence the great powers generally can exert on the non-nuclear powers to refrain from constructing nuclear forces. Once the Soviet, American and British Governments have discovered, as they will, that 125 or more governments cannot and will not bind themselves and their successors to renounce unconditionally weapons which five major powers possess, the hard struggle to resist proliferation can begin in earnest. It starts with the substantial advantage that no non-nuclear country seems at present to be close to a decision to acquire a nuclear force.

With or without a nonproliferation treaty, therefore, we face a substantial task. In the immediate future, as in the immediate past, the significant countries will be those which are capable of taking a decision to develop nuclear forces. A reasonable estimate is that this number now stands at three—Germany, Japan and Canada—with Sweden, Italy and India close behind. To discourage this small but growing group of industrial, non-nuclear countries from developing nuclear weapons is essentially a political problem. In the course of the next fifteen years or so, Australia, the Netherlands, Belgium, Czechoslovakia, Israel, Brazil, Switzerland, the German Democratic Republic and Poland will be among those who might achieve the necessary technical and financial capacity.

In any event, we know that the number of countries able to take the decision to produce nuclear explosives will steadily increase. One factor more than any other will determine the number of governments which will be in a position to make an affirmative choice: that is the extent to which they acquire stocks of plutonium as a by-product of the use of atomic power for producing electricity or for such things as de-salting sea water. These stocks

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are already being built up in non-nuclear countries like India and Italy (subject in most cases to what are known as international safeguards). If the present cost estimates for the production of nuclear power are accurate, we face a vast increase in these facilities over the coming decades.

The interesting thing about this, however, is that very few non-nuclear countries have any real prospect of developing a nuclear power program on a self-sufficient basis. For the vast majority of countries, the technology is too demanding and too expensive without continuing outside help. While a few countries, like Germany and Japan, may be able to build the facilities, even they rely on foreign sources for their uranium fuel. It may well be that the only non-nuclear country which is wholly self-sufficient both in technology and uranium is Canada—though Sweden has vast uranium reserves, and India, which has moderate uranium reserves, is moving steadily toward self-sufficiency in the construction of nuclear facilities. However this may be, there can be no doubt that for at least 115 of the approximately 130 independent states in the world, the capacity to produce nuclear weapons in this century can be achieved only if others provide them with the essential materials. And as things stand at present, the decisive material is likely to be plutonium—the material from which the bomb dropped on Nagasaki was manufactured.

The production of plutonium for weapons purposes has been carried on in most, if not all, cases in reactors specially designed for weapons programs. But all nuclear reactors produce greater or lesser quantities of plutonium. Just how valuable it is for weapons depends mainly on how the reactor is operated. Official estimates of how rapidly nuclear power stations will be built are notoriously unreliable; but if the U.S. Atomic Energy Commission figure of 100,000 megawatts (electrical) of capacity in the United States in 1980 is remotely near the mark, this would mean a plutonium production of at least 20,000 kilograms, which should be enough for well over 2,000 bombs annually. The figures for the rest of the non-communist world could exceed this by a considerable margin.

Less speculatively, one relatively small nuclear power station which has been built by the British at Latina, in Italy, will provide about 1,000 kilograms of plutonium over ten years. The plutonium is being extracted by Britain (under contract to the Italian authorities) and returned to Italy. This one facility is

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therefore producing enough plutonium in Italian hands on Italian soil to make between ten and twenty nuclear weapons a year. The United States, Britain, France, Canada, Sweden and West Germany are all hoping to be chosen to build such facilities in many parts of the world. Canada is building comparable installations in India and Pakistan; Britain has done so in Japan; the United States has constructed or is constructing major nuclear power stations in Germany, Belgium, Japan, Italy, the Netherlands and India; and the Soviet Union has built a power station in East Germany and is building a major facility in Czechoslovakia. But these, we are assured, are a mere foretaste. In another generation, immense quantities of plutonium will be coming out of the power stations which are now being planned; and if the promise of fast breeder reactors is fulfilled, they will be put to work in the production of more power and still more plutonium.

The concern of the international community with safeguards against the diversion of plutonium to weapons goes back many years. Complex systems of inspection have been established, bilaterally by such countries as the United States, Britain and Canada; multilaterally by the world community as a whole in the International Atomic Energy Agency; and by six West European countries in Euratom. All these safeguards systems are based on the same principle: inspection to see that materials which might be used for weapons have not been diverted. There has been understandable concern, when dealing with such incredibly powerful substances, that small amounts should not be steadily diverted to a secret stock for weapons. Much skill and intelligence have been devoted to the problem of monitoring "special materials" in the constantly changing technology of nuclear reactors. On the whole, there seems to be some feeling that the problem has not been completely solved and that small diversions remain possible.

Admirable as this work is, there must be the most serious doubts about whether it is relevant. There are cases—Israel, for example—where any nuclear weapons program would probably be clandestine, at least until it was far advanced. But generally speaking, governments which decide to develop these weapons are likely to do so openly. Testing is a particularly public activity; and weapons which are intended to deter must be known to exist.

The real danger with growing stockpiles of plutonium is not diversion but the denunciation of international obligations. This fundamental political reality has been ignored by those who have

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been giving their minds to the detailed problem of diversion. A decision to produce nuclear weapons is a major choice for any government. Even if it has no other implications, it will certainly cost large sums of money. Such a decision will be taken only because there is a strong conviction that it is necessary. A safeguards system which rests on the premise that governments possessing this conviction will nevertheless abandon their plans because of an inspection agreement made ten, twenty or thirty years before is out of touch with political reality. Unless there is a direct military threat backing it up, this is far too great a load for a treaty to be expected to bear. We are repeating the sort of legalism which led to the supply of arms to Pakistan on the specific understanding that they would not be used against India and to India on the understanding that they would not be used against Pakistan. The United States eventually discovered that this could not work and stopped arms supplies to both. It is likely that before the first government denounces safeguards agreements and employs its plutonium stockpile in a weapons program[1] there will be many thousands of kilograms of plutonium in the possession and ownership of dozens of countries. It will be too late then to start looking at these technological and military facts in realistic political terms.

Even without a decision to build nuclear weapons, governments with substantial stockpiles may decide to free them from inspection. Had Britain, for example, built a Latina-type reactor in Egypt in, say, 1952 under agreements made with King Farouk's government, what would be the status of these agreements now? What would have been the attitude of the Nasser régime (especially after Suez) to such a colonialist arrangement? How long would it have taken to create conditions in which it would be impossible for the inspectors to carry out their functions? Suppose the United States had done the same thing in Cuba in 1952 or in Indonesia in 1960. Even without a decision to produce nuclear weapons, the inspection arrangements in cases like these would almost certainly have become a dead letter by now. Through decades of political change, plutonium is unchanging: it remains a substance of potentially immense explosive power. Its diffusion

[1] The statements of the then Prime Minister of India, Mr. Nehru, in 1961 that India could make nuclear weapons (but would not because of its anti-nuclear policy) is a good illustration of the realities. He was referring to plutonium derived from the Canada-India Reactor, which is in fact subject to a "peaceful purposes" agreement. The head of the Indian atomic energy program, the late Dr. Homi Bhabha, subsequently said on a number of occasions that an Indian bomb could be built in eighteen months. He was referring to the same plutonium.

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around the world cannot therefore be made politically tolerable by agreements to inspect. Those who feel the need for converting stockpiles into nuclear weapons will denounce the agreements; and many of those who are unsure are likely to find ways of ridding themselves of the inspection.

If this is the central element in the problem of proliferation, it is one which demands urgent action. Many countries are likely to follow Italy in the coming years and be presented with a growing stock of plutonium acquired as a by-product of nuclear reactors built for other reasons. The country seeking electric power or increased supplies of fresh water finds itself investing heavily in plutonium. Although it is a valuable substance because of its possible future as a fuel in fast breeder reactors, few governments (especially in the less developed countries) would consciously invest large sums of foreign exchange in stocks of a fuel which is unlikely to be used for many years. It is important, too, that because they are obliged to buy plutonium as well as power the cost of electric power generation is considerably increased. This only makes sense to the government which is consciously buying an option to build nuclear weapons or one which is wealthy and considers a plutonium stockpile useful insurance for a fast breeder program. For the vast majority of receiving countries it is without justification.

What about the interests of the major industrial powers? If they accept the argument that inspection is not enough, they must soon reëxamine the notion of safeguards. They must ask quite simply what minimum conditions are necessary to justify the transfer of uranium metal or plutonium-producing reactors to others. It is possible, of course, that they will reach the conclusion that the military and political dangers are so great that the construction of these facilities on the soil of other countries or the sale of uranium cannot be justified. Such a sober conclusion would force a most difficult range of decisions on the industrial powers of the world. If nuclear power finally fulfills its promise, it would have to be denied to those who could not develop and build the facilities themselves, nor find uranium of their own. It is hard to imagine any security considerations resisting such powerful economic pressures, at least until the tragic results became so obvious that no one could ignore them.

The political imagination of the international community must recognize that the diffusion of plutonium around the world can

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have consequences of the utmost importance. It can revolutionize the facts of power, even if only potentially. The potential will be permanently present. So striking a range of physical facts justifies major political action. The creation of the minimum reasonable conditions on which to base reactor diffusion and the sale of uranium will be a major undertaking: if the powers are unwilling to face the implications of this, they should abandon all plans to build reactors in foreign countries or to export uranium.

The minimum reasonable condition is surely to prevent the accumulation of plutonium in the hands of those who import the necessary facilities. At the heart of the problem are the stockpiles of the type now growing in Italy and India. To meet the minimum reasonable political conditions for building reactors or selling uranium, it must surely be agreed that the plutonium coming out of the reactors will pass out of the hands of the receiving country. The simplest and most straightforward way to do this is to have it bought up at an appropriate price as it is produced. This will mean that the agreement be so designed that the recipient country buys power but does not buy plutonium. The investment thereby becomes smaller and the foreign exchange burden is lightened. The government in question—presumably in most cases one with serious problems of poverty—is simply denied the non-military option of speculating in the stockpiling of plutonium and the military option of nuclear explosives. The justification for providing nuclear power plants and their uranium fuel is the production of heat. There is no reason in equity or fair dealing why it should not be confined to that.

But who would buy up the plutonium? There can be little doubt that by far the best system would be an international agency which owned the fuel from the start. It would lease uranium for reactors and therefore own the fuel throughout the process. On taking back the plutonium, it would make the appropriate financial adjustment. Over a period of years, such an agency would certainly acquire vast assets. Equally, however, it would have enormous revenue-earning capacity in its stocks of nuclear fuel. Assuming that prices were set intelligently, it would have assets equal to the substantial resources which had been put into it.

The scope of such an operation should not be underrated. If the enthusiasts turn out to be right, the world could be producing more than fifty tons of plutonium a year in fifteen to twenty

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years. At present prices, this would be worth more than $1.5 billion. But plutonium would still be in short supply to satisfy the steadily growing demand for power. In any case, we face a preliminary period in which production will not be on this scale and demand will be still less. During this time an investment will have to be made in plutonium, and a buy-back arrangement will shift this investment from those receiving reactors either to the supplying countries or to those who would finance the international agency. When plutonium production reaches the very large scale that many expect, it will, in effect, be financed by those who require it for fast breeder reactors.

These figures would, of course, be considerably reduced if the proposed agency bought up only materials entering international trade. A third or more of the total would be accounted for by the United States alone. An enduring international agency owning, separating, leasing and controlling these materials can presumably be achieved only if the nuclear powers agree that this is the way they, too, must arrange their non-military nuclear activities. It would seem reasonable, however, to justify reactor and uranium exports on a bilateral basis if buy-back arrangements exist for international agreements alone. In the immediate future, the buy-back could be by the exporting country. The idea that this would be an unacceptable burden to the exporting countries is belied by the efforts which are being made to acquire plutonium in the major industrial nations. There is now widespread fear of a shortage when the fast breeders come into their own. The United States has been acquiring plutonium from Britain in exchange for enriched uranium for the British weapons program. And Britain gave the Italian authorities the option of selling back the plutonium produced by Latina, an option which the Italians have not taken up; clearly it would have been no less acceptable to Britain to have had a compulsory buy-back clause. In the present circumstances, at least, we may conclude that there is no evidence that buying back would be unacceptable to the exporting powers.

It is obvious that such an arrangement will be exceptionally difficult to work unless the main exporting powers are in it. Yet even if, say, France refuses to participate, arrangements of this kind will be workable. There are undoubtedly contracts to be had by those who offer the weakest possible safeguards: there is evidence, for example, that the Canadian penetration of India was to some extent influenced by Indian dislike of all forms of

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safeguards. But all that is needed to make a buy-back arrangement effective is the agreement of the countries which have the best and most economical power stations for export (the United States, Britain, Canada, possibly Germany) and those with the largest supplies of uranium (the United States, Canada, South Africa, later Sweden). A club of these powers can be formed. The Soviet Union and France would have no good reason to resist it. The experience of both Canada and France suggests that countries soon lose their stomach for trying to undersell the United States on safeguards.

Even in the presence of a successful international agency owning ultimately many billions of dollars' worth of nuclear fuel, there would still be serious dangers. The fuel will be spread out around the world in reactors, and a single fast breeder could contain enough plutonium for about 500 bombs (a large part of which would be of particularly good grade for weapons). A government might decide to seize this. All that can be said is that this would mean the loss of the expensive power-generating facility which they had built: the lights, in effect, would go out. And they would be seizing something which unambiguously was not theirs. Many thousands of nuclear weapons are on the soil of the Federal Republic of Germany, and yet the Soviets, in spite of their statements, clearly do not regard these as a danger in any way comparable to even a small German national nuclear weapons force. Ownership is important.

The proposed nonproliferation treaty must be judged primarily for its effect on the growing threat of a worldwide diffusion of plutonium. If it reinforces the false security of the safeguards system by persuading the legalists that no country which has signed is ever capable of building nuclear weapons, it will do a grave disservice to the cause of nonproliferation. It could provide the cover under which the plutonium silently spreads, as it is now spreading to Italy and India. Like a fine row of Georgian houses condemned to come down, everything would be gradually let go. When the houses are finally bulldozed away they have usually become so ramshackle that no one minds. Equally, under the placid rule of safeguards as they are now understood, the plutonium will spread far and wide. When the collapse comes, no one will remember how easy it might have been to hold a narrow ring.

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RELATIVITY IN FOREIGN POLICY

The Storage and Retrieval of Conviction

By Thomas L. Hughes

THE orchestration of foreign policy is a vexatious art form. It exacts its toll from observers and participants alike. After some performances, all involved must yearn to consign the concept to oblivion as simply unworkable. At minimum it is fortunate for the orchestra's reputation that this is a time when dissonance is musically avant garde.

For the frustrations of the foreign policy orchestra are, beyond doubt, unique. Whether in composition or execution, making contemporary foreign policy music is a hazardous undertaking. Phrasing is often rudimentary. Clear melodic lines are seldom validly asserted. Contrapuntal themes are often overdone. Crescendos and diminuendos interrupt one another unpredictably, and the variations in tempo upset continuity of mood. Rhythms are highly irregular. Adagio is no match for prestissimo, and moderato tends to escalate into vivace brillante.

But there are environmental woes as well. The acoustics are notorious for reverberations, and the sound effects reëcho over time. Professionally offended at the orchestra's repeat performances, the critics persist in rerunning their own reviews. They take endless satisfaction in calling the encores as they see them. Yet the programs themselves are seldom prearranged. Rehearsals are rare. Some players habitually avert their eyes from the podium, others habitually from the score. Moreover, one has to consider the overcrowding of the stage and the outsized nature of certain sections, as well as the potentials for explosions among the brasses, tediousness among the woodwinds, tuning troubles among the strings, miscalculations in the tympani, uncertainties among the trumpets, excesses among the prima donnas, and, occasionally, the unexpected guest conductor.

Hence it is no wonder that self-esteem requires a refuge in relativity, the orchestra telling itself that, after all, it is a relatively splendid orchestra, turning in a relatively admirable performance, under relatively insurmountable handicaps, in a relatively cataclysmic world. Such reflections on relativity, however, happen to

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come naturally to the foreign policy participant, because relativity for him has become the leitmotiv of foreign policy living if not, indeed, the elixir of foreign policy life.

I. THE SPECTRUM OF RELATIVITY

In broaching some theories of relativity in foreign policy, let me offer some precatory words of general disclaimer and specific disavowal. I am about to engage in an impressionistic description of an important disability which has been infiltrating the American foreign policy-making process, as an apparently inseparable concomitant of progress. This disability by no means pervades the entire orchestra. Nor by any means would its amelioration be a panacea for all the orchestra's ills. I shall attempt to describe the built-in relativism of our total decision-making process and, within it, the growing psychological predicament of the researcher-clarifier-analyst-assistant as he considers the horizons of his role and mission. I do not want to be misunderstood, nor do I want my comments to be taken ad hominem. I have no flesh-and-blood targets. I am concerned about a phenomenon which would persist even if all the significant current participants in the foreign policy-national security network were replaced—from the President on down through his appointees in cabinet and sub-cabinet ranks to the careerists and non-careerists alike at what is invidiously called the "working level." Let us therefore consider the problem abstractly in the sense that we subtract current personalities from it.

The extent of relativity in any given case will be a function of several variables. Among them are certain to be the sheer size of the foreign policy-national security network dealing with the issue at hand; the many centers of partial power which can claim to be considered; the independent voices which will purport to speak in the name of policy; the need for coördination; the toleration for its Siamese twin, delay; and the pockets of irrepressible dissent, perhaps based on permanent institutional biases and fortified by old bureaucratic precedents or a strong parochial Congressional attachment.

Big government alone, of course, carries with it important negative implications for foreign policy. Bigness begets a proliferation of potential vetoes. The larger the number of claimants institutionally and individually, the more likely it is that the mix of ingredients will become indigestible for the body politic. The more

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different elements of the government play the elaborate game of preëmpting one another's time—the more the doctrine of checks and balances invades the Executive Branch itself—the greater the possible inhibitions on forward movement of any kind. The possibilities for broadly based and persistent policy are almost directly disproportionate to the size, complexity, interruptibility and intertwining bureaucratic underbrush of a government's foreign policy apparatus. When it comes to refighting battles that therefore are never won, and guaranteeing that decisions are not implemented and therefore not decided, big government can bootjack itself into immobilism.

But there is a critical personal dimension to be added. If the institutions of big government are filled with merely medium-competent people, punching time cards 40 hours a week, infused with modest or routine motivation, the immobilism may be there all right. But it will be passive by contrast with the highly articulate immobilism generated by activist relativists placing bets and throwing dice at the elaborate inter-agency gaming table.

When you shuffle into big government's institutional deck of cards an admixture of the wild cards of personality—especially of personalities high in intellectual, political, managerial and emotional candlepower—you add to the unpredictability of the hands held and the stakes involved. Bureaucratic congestion may become tightened, not relieved. In Washington in recent years this has frequently happened with the transfusion of new high-pressured competence into the bureaucratic bloodstream.

Time and again this process has turned out to be a temporary marriage of convenience between ambitious activists and the cumbersome machinery of government. The result can be the creation of new vested interests with personal stakes in the relativism and even immobilism of the foreign-policy process. The question becomes an insistent and lively one: how to assure creative impulses the chance to move forward without being mired in the quicksand of bureaucratic complexity, coördination and competition—some of which is excessively, even expertly, contrived.

II. THE OPEN-OPTIONS DOCTRINE

Relativity in foreign policy is not only a projection of bigness, complexity and the marriage of bureaucratic rigidities with personal placement. In addition it is bolstered by the doctrine of keeping all options open. This doctrine has increasingly expanded

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from the tactical to the strategic, and from a personal political device to a fundamental and deliberate instrument of Realpolitik. Taken seriously, the doctrine proclaims the virtues of policy unpredictability to be a national asset.

When Rexford Tugwell said that Franklin D. Roosevelt "allowed no one to discover the governing principle" of his decisions, he did not necessarily mean that there was no governing principle at all, or that the President was indifferent to principles, or that Roosevelt didn't know what the principle was, or that everything was tentative, or that this was a model for emulation at levels below the White House. He had in mind the practical necessity of keeping options open, or the appearance of doing so, so as not to foreclose the possibility of changing course, so as not to create disappointments prematurely, and so as to maintain ambiguities on minor matters as a means of holding or creating a consensus on major ones. Both at home and abroad it is often politically necessary to sustain the faith of certain audiences in the possibility, however remote, of an issue being decided in their favor. In theory it does not necessarily make any difference to the effectiveness of the policy whether the options held open are unreal or real, false or true.

These notions have proliferated until the now conventional and prevailing wisdom considers a politician to be off balance politically if he allows himself to be pinned to any particular pattern of value consistency. Some politicians push the open-options doctrine past the point of perpetual avoidance and on into the simultaneous selection of competing values. Even the projection of a mosaic of inconsistent values has, by some, been considered a political good in itself.

Here the politician and the diplomat may succumb to parallel temptations. Both can conceive of situations where separate domestic or foreign audiences are kept content, even enthusiastic, by the pursuit of separate values in such a way that the adherents of each will be satisfied and preoccupied with the apparent choice of their own preferred values. Thus the politician and the diplomat may react to similar impulses, not only when it comes to keeping options open, but also when, in choosing them, they choose in such a manner as to preserve separately favorable impressions among differentiated audiences. Hopefully the simultaneous choices of inconsistent values can then be acceptably explained as insignificant tactical departures from principle.

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Abroad, in the more cynical or sophisticated circles, the desired effects are not always obtained. There the consequent impression of discontinuity may be disconcerting. Yet, by its very characterlessness, it may also prolong hope. It can reassure aspiring viewpoints and governments that, whatever the odds against them, there is still a chance for a favorable American response. Through an extra winter or two of discontent, the home fires will be kept burning for all those who hope that their preferences, their policy, their aid program, will win in Washington after all. Viewpoints and governments all over the world have horses and jockeys in the Washington foreign-policy handicap, and wagers are placed on which competing tendencies will be ascendant this season and which will be lying in wait (or in State). Naturally, for all these interested foreign bookmakers, collective streaks of indecisiveness are preferable in the end to the outright closing down of a preferred option. If worst comes to worst, one can wait for a time when wave lengths with Washington will be more in phase.

Meanwhile in Washington the effort to preserve options can easily promote value disorientation in government. Oriented personalities, by the mere fact of being positioned, are likely to be controversial. They are likely to favor choosing certain options and rejecting others. Unoriented personalities, whatever else may be thought of them, are likely to be noncontroversial and open-minded about options. Hence in the personnel and appointment processes, the implicit desire to preserve options often leads deliberately to the appointment of the noncontroversial and unoriented. They develop a stake in the open-options doctrine.

Ironically, the doctrine may again be buttressed even when there is a conscious desire to implant diversity or a political instinct to placate assorted elements in the appointments process. Hence a cross section of oriented appointees—particularly in a government of all the talents—may be oriented in several directions at once, deliberately so selected under the rather circular rationale that choices will be mathematically facilitated by multiple and independent sources of advice rather than hindered by them. The optimum arrangement may be overrun in the process.

These growing political-diplomatic, domestic-foreign impulses to broaden or maintain options increasingly take the form of a conscious doctrine embraced across the government. It is imbibed by old careerists and new appointees alike. It is infused within, as well as superimposed upon the life of the bureaucracy itself.

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This is true even in the program-oriented foreign affairs agencies which are more or less organized around a given institutional value, like the Arms Control and Disarmament Agency, the Peace Corps, NASA, A.I.D. and U.S.I.A. These organizations at least have the advantage of a built-in big-value orientation, which most of the individuals working for them presumably share, and their internal disagreements tend to be fought around lesser, more instrumental options.

But the State Department, with its far more open-ended job description, is in that sense by definition the most value disoriented of all. It expects to spend much of its time avoiding or umpiring disputes between and among other agencies and governments. Its mediational, middleman role combines with the personal attributes of the diplomats attracted to it to nurture value disorientation. The traditional diplomatic virtues are tact, compromise, nuance and shading. Diplomats are infatuated with language. They meet, or bypass, the confrontations of the real world through various forms of semantic compromise. The international fellowship of diplomats has a common stake in these professional techniques so that psychologically and culturally it often happens that diplomats worldwide have more in common with one another than they do with their own domestic counterparts. Like the historic Episcopalian vexation over what to do with Methodist enthusiasm, professional diplomacy frets over what to do with zeal.

Diplomatically speaking, the proposition is nearly unassailable that ambiguity and blandness are lubricants of communication, not impediments to it. Writ large in the living system of the bureaucracy, the preservation of options becomes both a purpose of policy and a way of life. Career aspirations are affected by that apocryphal Foreign Service assumption-for-planning: that those who are old are not bold, and those who are bold are not old. Ends and means become mutually sustaining. The objective realities are fortified by the subjective realities, and the self-fulfilling prophecies take over.

So much for the case for keeping options open. What can be said for closing some down?

III. THE CASE FOR CURTAILING OPTIONS

Objectively we might begin by distinguishing those matters which deserve decision from those which deserve decisions not to

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decide. There are important variables of time, place and context. There will always be some sets of issues where we shall want to keep our options open. There will be other sets of issues where we should want to close them down. I am, in part, urging a more conscious recognition of these two categories. The problem has much to do with the priorities of public policy. Then, too, there are times when we need fewer convictions and more options, just as there are times when we need fewer options and more convictions. Sometimes the problems which press upon us argue persuasively for delay. Other times they argue strongly for decision.

But I am even more concerned about the subjective pull of the fashionable open-options doctrine as a *Ding an sich*. Conceivably this doctrine has proved its validity at the pinnacle of government as an essential attribute of Presidential power. But it is a far more arguable proposition at the executive levels below the White House. Participants in government during the last decade will know what I mean when I refer to the permeating effect of this phenomenon. Lower orders of options are held open in the name of, and out of deference to, keeping higher options open. Low-level bureaucrats hold open options not only to humor higher level bureaucrats, but because they too are playing President. To remove an option is to reduce a minor statesman's scope, to make him less than whole, to leave him with one lung or one kidney, to render him unfit to compete in the war game of bureaucratic life. No volunteer anyway for exercises in self-abnegation, he fails to see how he can broaden his reputation while reducing his options. He has an urge not to be identifiable, an impulse to escape labeling. The trouble is that he thereby undermines the system itself.

Over time the result will be that our foreign-policy institutions and instrumentalities will appear less and less coherent, purposeful or unified. More and more they will appear as a congeries of groups, subgroups, personalities, task forces, all engaged in more or less elaborate frolics on their own.

If prolonged, the attempt to keep all options open prevents the persistent pursuit of any one of them. At some point the doctrine of preserving all options becomes a policy of perpetually reserving judgment. Ultimately the effort to do so erodes all feeling for commitment and consistency, for priorities and perseverance. A foreign policy whose chief characteristic is a plethora of unclosed options is not much of a foreign policy at all. Essential consistency is a virtue necessary to any policy worthy of the name; it goes to

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the heart of what policy is all about. A government whose behavior represents all policies at once in actuality has not resolved on a policy. Never really in search of a policy, it is doomed never to find one. Policies in perpetual motion become policies in suspense. Dozens of daily decisions contradicting themselves mean, before the week is over, that no decision has been made. Partial policies competing with one another mean that policy itself is undone, no matter what the folklore says or how the newspapers read.

Where there are no dependable elements of reliability, there is no policy. Hence, if fundamental policies are kept in a state of suspended animation in order to create uncertainty and therefore leverage abroad, we jeopardize our long-term credibility. A reputation for unpredictability has occasional tactical advantages, but if pursued, it will be difficult to overcome or outlive. In any given policy it may be hard to say precisely where the breaking point of interruptions, dismantlings and reëxaminations is reached, but there is such a point nevertheless. The balance between possible short-term advantages and certain long-term stakes has to be struck. Policies, like trees, never grow if they are ritualistically pulled up each season for another look at the roots.

When relativists live with relativists, they become specialists in the techniques of accommodation. This kind of agility is a valuable asset. Its possessors are widely sought after, and when found are especially prized. But the effects are subtle. They can negatively condition the atmosphere by institutionalizing indecisiveness. Presidential leadership, no matter how strong or consistent, cannot compensate for foot-dragging among the implementers or for passive resistance campaigns in the bureaucracy.

And for the individual involved, the consequences can become insidious indeed. He can become addicted to the art of not making up his mind. "While it is always a bit awkward to sit on a barbed-wire fence," Julian Amery once said in the House of Commons, "it is difficult to come down from it with dignity, and without damage." But at an historic moment Parliament also heard, "The Right Honorable gentleman has sat so long on the fence that the iron has entered his soul."

IV. THE RETRIEVAL OF CONVICTION

The ideal at which the analytical processes of foreign policy should aim may be simply stated: assuring maximum clarity

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about the values at stake in order to render as rational as possible the foreign-affairs choices we make. In recent years the pursuit of that ideal has led to the recruitment and appointment of a new kind of intellectual-man-of-all-trades at the analytical-assistant level of government. He may be an "outsider," drawn from the universities or the foundations, from journalism, politics or the law. He may be an "insider," drawn from the Foreign, Civil or Armed Services. In either case he is preëminently the potential "inner-outer," the classic non-prisoner of the system, appreciated in all the environments, mobile in many markets, the one who can most easily leave, whose personal options are always open. He has been chosen because he is exceptional—chosen precisely because of the felt deficiencies of the system itself, if left to its normal devices. He is likely to take his place in special, ad hoc, functional positions close to the policy-maker himself. In some incarnations he will become a research-analyst with easy access for his oral or written product. In other incarnations he will live in the policy-maker's outer office, to become an extension of the personality of his "principal," to perform variously, as his eyes and ears, arms and legs, heart and brains, conscience and ghost.

Of all the active personalities in the foreign-policy process, he is the one who would seem to be most insured against conformity and least propelled toward adoration and adjustment. He is too junior to be out in the front-line policy trenches, to be let loose on weekdays on Capitol Hill, or to be sent out on Sundays to Meet the Press. Still falling short of a public reputation, he lacks the compensatory latter-day drives toward relativism found among some of his seniors who have identifiable pasts to live down, reconstruct, counterbalance or otherwise broaden. Yet, ironically, this new man of prominence in foreign affairs is showing a tendency to fall prey to, indeed to promote, a kindred immobilism of the kind he was recruited to prevent. How shall we explain this contemporary translation of the *trahison des clercs?* Perhaps because the greatest fear of this new man of affairs is to seem gullible, unsophisticated or sincere.

Whatever the explanation, we are beginning to notice the effects of his underlying value disorientation. Often the result of the very brilliance of his service in clarifying issues for his employers is to reëducate the environment in relativism. The objective relativism produced elsewhere in the system by the institutional or personal clash of strongly expressed convictions now

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becomes subjectively confirmed by the habits of thought of convictionless analysts.

This explicit consciousness of relativity, stimulated by steady injections from the analytical substratum of government, can in an initial sense be highly constructive. It is an historic and commendable improvement over whatever may have existed earlier of conceptual innocence, intuitive hunches, haphazard gullibility, obvious axe-grinding or unrestrained biases. The institutionalization of skepticism, of the permanent grain of doubt, of independent precautionary purveyors of information, has now occurred in all agencies of the United States Government whose activities have a bearing on foreign policy. The issue is now becoming a new one—whether the opportunities and pressures for thoroughness of exploration—all the built-in negative safeguards against unwitting bankruptcy of policy—have not gone about as far as the system can stand if it is still expected to produce policy.

In the process the new research-analyst-assistant is the one who falls farthest short of fulfilling his potentially affirmative role. He is the one—at his vital, supportive, connective, junior level of government—who most needs to activate his convictions. He is increasingly found at the heart of the process, with unrestricted access, and an eager audience for what he has to say. But too often he performs as an analytical balance wheel, brokering other people's points of view, clarifying what others must really mean actually, raising problems no one else has thought of, ventilating more than all the options, and either husbanding his counsel or laying out equally plausible alternatives for action. Conscious that there is no convenient halfway house on the road to total analysis, he drives on and on.

Long ago he learned that the same set of facts, looked at from different perspectives, are quite different facts. Aware as he is of the chicken-and-egg dilemma of judgment before facts, or facts before judgment, he tries to be self-conscious about his own criteria for fact selection and presentation. He has no trouble objectively in recognizing the value of viewpoints and the benefits of belief, but he knows better than most how to watch the oscillation of experts. He detects the policies that precede policy.

The chances are he wants to take his place as a pre-policy participant, not a post-policy provider of gloss. He knows, of course, that policy is at best a continuum of overlapping elements, that the roles are not sharply sequential, and that his own abundant

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talents will assure him a variety of assignments. Yet he dearly wants as much as possible to be an accessory before the fact, a creator of policy, not an ex post facto explainer, articulator, justifier, cosmetician, speechwriter, public relations adviser or the classic legal "gun for hire."

But the rich texture of complexity inhibits him from moving beyond analysis to advice. He tends to be captivated by complexity. His consequent relativism may again lead straight to immobilism. Or he may simply be introducing more relativism than relevancy to the process of final choice. For sometimes, indeed, by laying out so large a spectrum of variables and choices, he enables the policy-maker to give free rein to what came naturally before —following the lines of least resistance along well-worn paths of institutional preference and private intuition. Some of his customers conclude that given such a range of rationales any choice can be respectably defended. He finds himself arming bias rather than informing judgment.

At least as ambitious as the next man, our prototype works hard at remaining appreciated in all the environments. He has doubts about the propriety of making his superiors and colleagues uneasy. His sense of "loyalty" and "responsibility" may have a stultifying effect, conditioning him to acquiesce in other people's more aggressive assertions. Situated in the center, he may finish on the periphery. He may simply be making the most out of things that don't matter much. Psychologically inhibited by a combination of his hard-won professionalism, his educated manners, his stake in the amenities, his pride of craftsmanship, his talent, tact and relativism, he stops short of bringing his full weight to bear on the goals themselves.

At worst, of all the participants, he can become the most enamored of the fringe benefits, the most deferential to the ward politicians, the most admiring of the ceremonials, the most conscious of the protocol, the most preoccupied with the externals, the most enmeshed in the trappings of power and the most willing to sacrifice substance for rhetoric. He may end up denying his own specialty: the importance of discriminating among essentials, less essentials and nonessentials.

In the end he is caught in a classic dilemma. He has demonstrated that the mental journeys of others have different starting places, and he has exposed the frightful logical lapses along their way. He has provided the unassailable public service of elucidat-

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ing the manifold variables available and forcing the policy-makers to be conscious of them. He has excelled at explanation. But he is faced with the eternal problem that once the necessary but negative work has been done in exploding the myths and clarifying the choices, there follows the insistent question: What next? Where do the values come from?

Far be it from me to say that foreign-affairs analysis has had it, but it is having it. The problem is an elusive one, with quicksilver elements involved in all possible answers to it. But given the psychological problem at the analytical level of government, adjustments away from relativism and toward conviction are indicated. I am not presuming to advocate that superior people, subordinately placed, set out to trespass upon the policy-making roles of their principals, although many of their less talented colleagues do not hesitate to do so. The sanctity and privileges of the policy preserve can remain inviolate at the same time as we dismantle some of the artificial barricades which have subjectively arisen between analysis and advice.

Psychologically speaking, the latter process comes close to what I mean by the retrieval of conviction. For want of a better word, I use conviction to convey the process of pushing beyond analysis into focus, perspective, coherence, resolution and conclusion—pressing through analysis to reach evaluation and advice. For it is a paradox that excessive self-restraint in the field of foreign policy counsel should be the hallmark of many of those in the government who are most immersed in the big pictures and least preoccupied with the little ones. In a special sense it should be incumbent upon them to be the enlightened delineators and the imaginative proposers—not the last to lay the old aside.

As President Johnson said in his remarks at the Brookings Institution's Fiftieth Anniversary celebration last September:

> There is an aspect of intellectual power that our country urgently needs, and in my judgment it is being supplied sparingly . . . This is the power to evaluate . . . It is the power to say about public policies . . . 'This works. But this does not . . . This will probably give us an acceptable result. But this will complicate the problem and make it impossible for us to solve.' . . . The critical faculty, in short, ought to be critical—to be precise, to be sharp, and to be piercing.

Now it is true, of course, that even the abnormally high-minded, after protracted prayer, often fail to achieve an agreed view as to what ought to be done about anything which is of first-rate importance. The mere unleashing of convictions will not

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assure consistency, although the extent of consistency in some cases might be surprising. We may, if we wish, stop on dead center with Madame de Staël, saying: "I do not know exactly what we must believe, but I believe that we must believe."

Yet if we are to avoid an increasingly pervasive relativism which can do great damage not only to the internal processes of foreign policy-making, but to the credibility and reputation of policy itself, the elements of direction and consistency must be made more reliable. At this point the quality of our convictions becomes critically important, both in degree and depth. In it lies all the difference between purposeless surface manipulation and purposeful underlying direction.

This is a message intended for those to whom it applies. I am troubled by the risk of over-generalizing, and even as I write I am aware of conspicuous exceptions to my theme. But I know enough about myself and many of my colleagues to be sure that this range of questions properly torments us: Can we be informed with self-doubt and still be faithful to certain angles of vision? Can we live with the accusation that this is a violation of antiseptic notions of "objectivity"? Can we add enough advocacy to analysis to start nudging the policy process deliberately back from disintegration toward consistency, and up from relativism to commitment? Can we constructively close down a few options?

The answers are blowing in the wind. But if in the years ahead we manage to do all together—avoid the residual myths, affirm the rigorous analysis and retrieve our essential convictions from storage and put them to work—then we can truly say with Lincoln, "Thanks to all—for the Great Republic, for the principles it lives by and keeps alive, for Man's vast future—thanks to all."

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TENSION ON THE SINO-SOVIET BORDER

By C. P. Fitzgerald

IN the past, when a bitter quarrel broke out between neighboring nations, rival territorial claims were often the underlying cause. France and Germany remained hostile to each other for a long period over the question of Alsace and Lorraine; the slogan "Italia Irredenta" so embittered the relations between Italy and Austria that the residue of this feeling contributes to the present unrest in the Italian Tyrol. China's conflict with her great southern neighbor, India, along the disputed Himalayan boundary seems to conform to the classic pattern of territorial disputes (although the Indians do not altogether agree).

In the early stages of the Sino-Soviet dispute, on the other hand, ideology seemed to be the only point at issue. Russia was denounced as revisionist for believing in the false theory of a "parliamentary road" to socialism and faintheartedness in backing revolutionary wars. Her boundaries with China seemed no part of the problem. Recently, however, the Russians and the Chinese have themselves hinted at incidents along their common frontier, which extends from Mongolia eastward 1500 miles to the sea, and westward from Mongolia 1200 miles to the Wakh panhandle of the Afghan frontier. (See map.) If they had kept silent, it is unlikely that the rest of the world would have had any information about what was going on in these vast areas so far from Western observation.

While it is not at all clear how much credence can be given to the mutual accusations of China and the U.S.S.R., it is at least probable that some real friction exists. What began as an ideological dispute may have become inflamed by territorial ambitions or resentments. If so, it is necessary to consider the problem from three aspects: the historical basis for a territorial dispute between China and Russia; whether there is a real danger of a broader war; and what would be the objectives of either side.

II

From a historical point of view the Chinese have several just grievances, at least in terms of prior claims and occupation. It is now nearly two thousand years since the Chinese under the Han dynasty first conquered Sinkiang, colonized it and spread their

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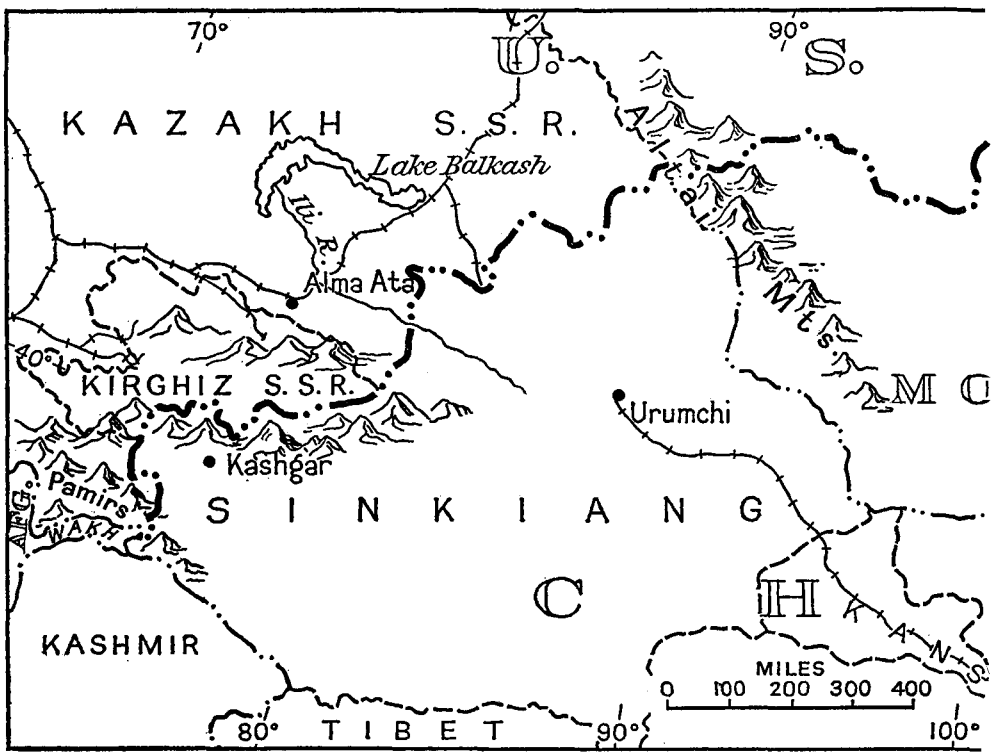

power westward through what is now Russian Central Asia to the shores of the Caspian Sea. They did not hold the region west of the Pamirs for long, but their rule over Sinkiang proper continued until the end of the Han dynasty early in the third century A.D., and was restored by the T'ang dynasty in the early seventh century. It was lost again at the end of the ninth century, came under the far-reaching empire of Genghis Khan in the twelfth, and was finally conquered once more and incorporated into China by the Ch'ing (Manchu) emperors in the late seventeenth century. Except for one stab at independence, Sinkiang has been indisputably Chinese territory for nearly three hundred years since then.

These ancient conquests and withdrawals are not of present political importance. More relevant is the fact that during the mid-nineteenth century the whole of Sinkiang revolted against the Manchus and for more than a decade maintained independence under a local ruler called Yakub Bey. When the Chinese general Tso Tsung-t'ang reconquered the country in 1877 he actually received considerable Russian assistance in supplying

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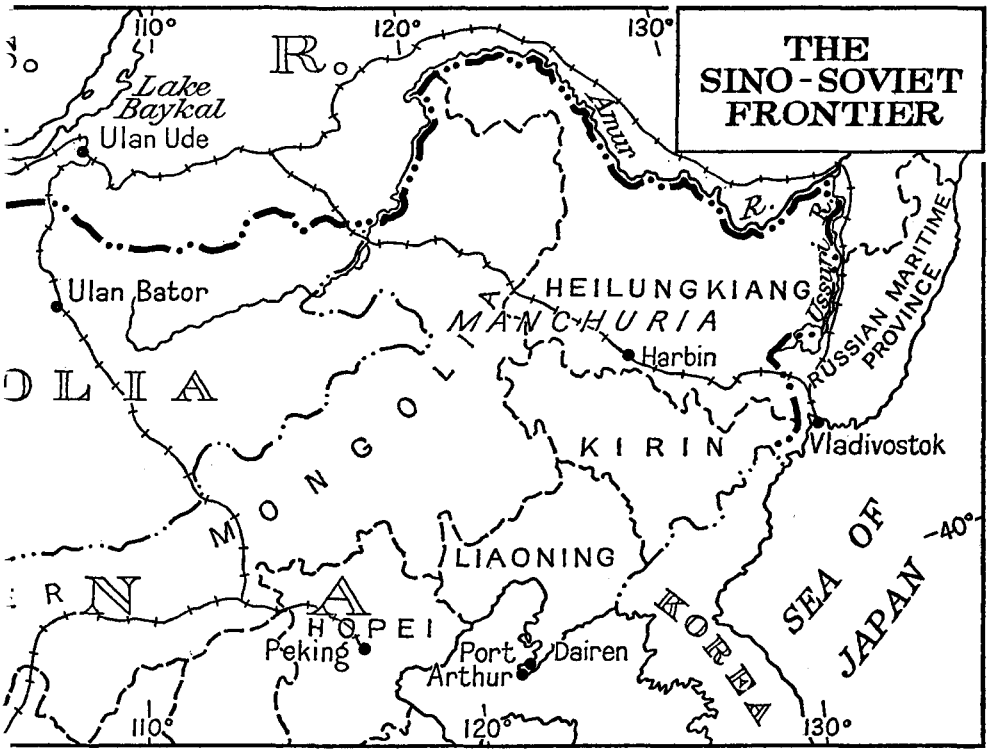

his troops by way of Siberia, although no Russian troops were engaged. Meanwhile, with Manchu rule in abeyance, the Tsar had sent troops to occupy the Ili River valley, allegedly to prevent disorder in the rebellious province from spreading into his own Central Asian territory, only recently occupied. He used the classic argument of imperial powers when making an advance against a weak neighbor. "The need to restore order . . . the threat to settled territory under our protection . . . a temporary measure until stability is restored." (The British at the same time were saying the same things about Egypt, which they occupied until 1955.) When, after the Chinese reconquest, the Manchu Court took the Russians at their word and reclaimed the Ili valley, Russia was not willing to leave. A first treaty, which virtually endorsed Russian annexation, was met with a storm of protest in China. Perhaps encouraged in this attitude by European powers (such as Britain) which were not friendly to Tsarist ambitions, the Chinese negotiated a revised treaty, which restored to them the upper half of the Ili valley. However, they had to cede the lower half and also pay Russia's expensive "occupation costs."

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It is this transaction, which the Chinese quite accurately describe as a piece of imperialistic land-grabbing, that is the basis of China's claim against the U.S.S.R. If the Soviet Union were sincerely faithful to communist doctrine, they say, it would not now wish to profit from the evil actions of the Tsarist régime, but would restore to a fellow-communist state what was taken from it in the bad imperialist days.

On the eastern frontier, the story is similar although not identical. The ancient Chinese dynasties never claimed and never occupied either northern Manchuria or the area beyond the Amur or the Maritime Province. These were barbarian lands sparsely inhabited by hunting and fishing tribes of little culture. It was not until the rise of the Manchu kingdom, before its conquest of Ming China between 1644 and 1662, that any sort of organized state system existed in these remote regions. And then, even if the tribes acknowledged the suzerainty of the Manchu king, for practical purposes they remained beyond his rule. After conquering China, the Manchus became the supreme power in the Far East, soon adding Mongolia and Sinkiang, as well as Tibet, to their empire. Their vague suzerainty over north Manchuria was enforced and extended to the present Maritime Province, but it does not appear that they coveted or acquired the region beyond the Amur. In 1689 the appearance of Russian pioneers in that region led to a clash in which the Manchus expelled the Russians from a fort which they had built on what the Manchus considered to be their territory. The conflict was followed by the signing of the Nerchinsk Treaty which established the Amur as the frontier. The Maritime Province remained Manchu.[1]

The Nerchinsk Treaty, little noticed by non-Russian Western historians, was an event of some importance. It was the first agreement regarding a border question made by the Chinese Empire with a European power, and the first time in Chinese history that a common frontier was established with another major land power of advanced civilization.

It must also be emphasized that the Ming and earlier true Chinese empires had never ruled in those areas now acquired as part of the Manchu Kingdom. Chinese settlement existed in southern Manchuria, which had been a Chinese province centuries before the Manchus conquered it, but northern Manchuria,

[1] One minor cause of friction is that the Amur shifts its course, leaving former islands attached to one bank or the other. Thus the sovereignty of such islands comes into dispute.

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and still more the Maritime Province and the trans-Amur country, had probably seldom even been visited by Chinese. The intrusion of the Russians from the west and the Manchus from the south into this almost virgin land was not unlike the English and French penetration of northern Canada. Consequently Chinese national feeling was hardly at all engaged in what might happen in these regions, nor where the boundary between Manchu power and that of the Tsar might be drawn.

In 1858 and in 1860, when China was distracted internally by the T'ai P'ing rebellion, as well as the British and French invasion which actually took Peking, the Tsar saw an opportunity to make a significant advance. He claimed the Maritime Province as his price for staying out of the war and using his good offices to end it. The Manchus were glad enough to let him have it (by the treaties of Aigun and Peking). It was said that the Russians found that the inhabitants numbered no more than 16,000, all members of a hunting and fishing tribe remotely linked with the Manchus. But Russia was a maritime as well as a land power. In this wilderness she built the port of Vladivostok—Lord of the East—which, although icebound in winter, was yet an effective base for colonization and further conquest. At the end of the century the building of the Trans-Siberian Railway, with its extension across northern Manchuria (to avoid the long detour on the north bank of the Amur), both enhanced the importance of the new city of Vladivostok and brought Russia into China proper. North Manchuria, in consequence of the railway, soon acquired a large Chinese population, as well as a considerable Russian colony at the new city of Harbin. Later the invention of modern icebreakers, and an alternative railway along the north bank of the Amur, were to give the Maritime Province still more importance and a steadily increasing Russian population.

Thus the present Chinese grievance is that a hundred years ago the Tsar took advantage of the weakness of the Manchu dynasty to pry away the Maritime Province from the Empire. They argue further that this act was the prelude to more extensive Russian plans aimed at the seizure of all Manchuria, and Korea too. These schemes allegedly were frustrated only by the "contradiction" (to use communist terminology) of the counter-pressure of imperial Japan, and later by the final triumph of the Chinese Communists themselves. The terms which Stalin exacted from Mao Tse-tung in 1949, which provided for Russian joint ownership of

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the railway across Heilungkiang and joint use of the naval base at Port Arthur and the commercial port of Dairen, certainly suggest that the U.S.S.R. had not yet wholly renounced the ambitions of the Tsars. Nor did the Russians relinquish their claims and rights in China until they had been compelled to rely upon the Chinese Communists to save their protégés, the North Koreans, from the imminent prospect of conquest by General MacArthur and the armies under his command. The Chinese therefore can truly say not only that the original cession of the Maritime Province was a typical imperialist "blackmail," but that its deleterious consequences in Manchuria have only recently been effaced, not by Russian generosity but by China's increasing power.

Another recent incident gives the Chinese some ground for complaint. From the beginning of this century, up to the Second World War, Chinese immigration into Russian territory was steady, and apparently welcome. The commercial life of Vladivostok was largely sustained by a sizable Chinese colony, which remained after the Russian Revolution. In the trans-Amur region, where lumbering is the main industry, Chinese workers were in great demand, making up the largest part of the labor force. Exact statistics for this Chinese population, partly settled, partly seasonal workers, are hard to come by. It has been estimated that in 1926 there were 22,000 Chinese in Vladivostok, and that 50 percent of the coal miners and 30 percent of the timber workers were Chinese. What is certain is that they have now entirely disappeared, and that this was the consequence of the wholesale deportation of the Chinese at Stalin's orders during the Second World War. It appears that they were not pushed over the border into what was then Japanese-occupied Manchuria, but that they were removed to some part of western or northern Siberia, from which they have never returned.[2] The Chinese do not seem, so far, to have raised this embarrassing question, but it can hardly be doubted that they are aware of the facts.

III

These, then, are the real tensions and fears which lie behind the border question. They are not new. They were kept out of view while Sino-Soviet relations were good, reappearing as soon as relations became bad. It must be observed that the claims are

[2] Walter Kolarz, "The People of the Soviet Far East." London: George Phillip, 1954.

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all on the Chinese side. The Russians have never lost territory to China and, as far as is known, claim none that is now Chinese.[8] But how serious are the Chinese grievances against the Soviet Union in respect to the Maritime Province and the Ili valley?

Each side has several reasons to fear incursions by the other. It is obvious that if northern Manchuria, with its hard climate, is not too harsh for extensive and expanding settlement by northern Chinese, mainly originating in Hopei and Shantung Provinces, the opposite bank of the Amur is no worse, and the Maritime Province, being further south, may be even better. In just fifty years the Chinese population of Manchuria has expanded from a possible 10 or 12 million, confined under the dynasty to the old settlements in the southern Liaotung peninsula, to a probable 60 to 70 million spread over all the three great provinces of Liaoning, Kirin and Heilungkiang. The Amur is a thin barrier against such a flood as this. Manchuria has been the last major addition to the Chinese homelands, conquered, like so much of the rest, by the plough more than by the sword. The Russians may well fear that eastern Siberia might be next.

China, on the other hand, has some reason to fear that what was done in the green wood of the Tsarist empire might recur in the dry of the Soviet Union. It should not be too hard for Russia to stir up trouble in Sinkiang among the non-Han population. In the present turmoil of the Cultural Revolution, stories have come from Sinkiang which suggest that the Chinese genuinely fear this. Chou En-lai was quoted as saying that in "Sinkiang the Cultural Revolution has come to an end, for national security reasons." This, if true, is very plain speaking, signifying the Chinese fear that such disruptive conflicts could either encourage anti-Han movements by the Kazakh and other peoples or could open an opportunity for the Soviet Union to exploit such movements and perhaps even move in troops.

Military conflict over these complaints and historical wrongs is not a real prospect at the moment, however. In both disputed regions, the logistics would be formidable. Modern communications capable of handling any large operation do not exist. Railways are few in northern Manchuria, the province of Heilungkiang; while on the Soviet side of the border, the land communi-

[8] Mongolia is recognized as an independent state; it maintains diplomatic relations with Peking, and if the Chinese have deplored the Mongol preference for the Russian side of the present dispute, the Mongols themselves have done their best to keep out of the line of fire and remain on passable terms with both sides.

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cations tend to follow the line of the Amur valley, close to the frontier. In the western sector the Russians have the advantage of having at their backs the relatively developed regions of Kazakh and Kirghiz, with a railway system connecting these republics to the principal industrial areas of the U.S.S.R. China, so far as is known, has only one very long line from northwest China to Urumchi and the Ili River valley. No railways run to Kashgar across the deserts and through the oases of central Sinkiang province. The old caravan route, the immemorial silk road, is no doubt passable for motor transport, but it is a very long and hard road to serve as the main supply route for a large military operation.

Therefore, the anxiety which Russians are said to feel about a Chinese threat to their territories can hardly be immediate, though they may fear for the future. With the exception of the Ili valley, which runs down from Chinese into Russian territory, the frontier is extremely rugged. In the west, toward Afghanistan, the border is formed by the Pamir Mountains, one of the highest ranges in the world. A Chinese invasion would have to operate at the end of an enormously extended line of communications, and the Chinese would have to advance far into the plains of Central Asia to win a lasting advantage.

It would, in theory at least, be very much easier for the Chinese, by a swift strike across the Amur, to dislocate the communications between the Russian Maritime Province and its capital, Vladivostok, and the rest of Siberia. Since there are no alternative routes well to the north of the Amur river, where the country and the climate become exceedingly harsh, the Chinese could conceivably overrun the Province, take Vladivostok, and sever the communications with Siberia and metropolitan Russia. But they would be badly placed to counter a Soviet retaliatory invasion in the west, up the Ili valley to Urumchi. In either case it seems most unlikely that such a war could be limited to these areas of conflict; it would become almost at once a major war between the two powers, expanding into a full-scale air attack by Russia upon Chinese industrial centers and military bases—an attack which the present Chinese air force is very ill-equipped to meet. There are thus no limited objectives which the Chinese could hope to gain by provoking a border conflict, while it is at least possible that the Russians under certain circumstances could hope for such an advantage in the western sector.

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The province of Sinkiang, the most westerly of the Chinese territories, borders the Soviet Union along the whole western sector of the frontier. It is separated from ancient China by the extensive desert which extends from northwestern Kansu Province to the oasis of Hami, the first of the Sinkiang oases. Racially, Sinkiang is only partly Han (Chinese); the majority is composed of various peoples, Moslem by religion, and closely allied to the Moslems on the Russian side of the frontier. It is at least possible that a massive Russian thrust through Ili, accompanied by supporting air attacks, could drive the Chinese out of Sinkiang, or at least into the southern half of it—a much more arid section where a large defending army could not be adequately supplied. As it is in Sinkiang that the Chinese have developed their nuclear weapons-testing stations and also, it is believed, the plants in which such weapons are produced, the Russians may be said to have a real motive for such a conquest. On the other hand, so ambitious an adventure would mean a wider war, with its incalculable risks. A better prospect for the Soviets might be to promote a separatist régime in Sinkiang—one based on the non-Chinese population, subservient to the U.S.S.R. and under its protection.

IV

Since the seventeenth century when the Chinese empire was forced by Russia's advance into Siberia to deal with a great land power, and was brought into ever closer contact—and conflict—with Britain and Japan, the sea powers which successively dominated the western Pacific (succeeded now by the United States), it has been a rule of wise Chinese policy that a quarrel should never be pursued with both these major forces at the same time. The rule was often disregarded by régimes too obscurantist to understand modern international relations or too brash to heed the plain facts. The Manchus, trained to believe that they were the only true sovereigns in the world, and that international relations were an affair of tributaries and barbarians coming to pay respect to the Emperor, could not shape a policy which either conciliated the British as allies against the Russians or used the Russians to check the British—even though these two powers were at that time distinctly unfriendly to each other. The Nationalists, simultaneously committed to ideological nationalism, which meant pinpricking the Western powers, and to anti-com-

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munism, which meant aloof relations with the Soviet Union, could use neither effectively to check the very real menace of Japan. Mao Tse-tung, when he first came to full power, seemed to have learned the rule. "We lean to one side," he said, and he meant the side of Russia.

What, then, will be the consequences of ceasing to lean on this side while certainly not receiving any support from the other? If China were raising embarrassing ghosts from the Tsarist political past to frighten Russia, while actively seeking a détente with the United States, the policy would make sense in the old terms of diplomacy. But the quarrel with the United States is pursued at least as vigorously—verbally—as that with the Soviet Union. It is true that so far both are wars of words, not bullets. No Chinese forces are engaged in Viet Nam, and there is much evidence that China seeks to avoid accidental encounters both by sea and by air. There is no hard evidence of open conflict on the frontiers with Russia, although it has long been known that they are strictly watched and patrolled—and this was so before the Sino-Soviet dispute broke into the open.

It may be hazarded that Mao's policy is not intended to be as reckless as it seems. The raising of old scores against Tsarist Russia serves to underline current propaganda, painting the Soviet Union as a sham communist state, riddled with bourgeois reaction and revisionism; and not only at home. China says, in effect, "See, even in their foreign policy, the Russians are not ashamed to profit by the evil deeds of the imperial Tsars, and make no amends." It need not be said that on the frontiers of Tibet and India the Chinese themselves are quite ready to profit from the consequences of Manchu imperialism, and even, when the maps suit, of British imperialism too. It would seem that the main Chinese motive in calling the Soviet border into question is to carry on a polemical war against Russian revisionism rather than actively to press claims for lost territory. In the case of the Maritime Province such a claim is particularly weak, and though China has a stronger case in the western sector, in reality the Ili valley was no more Chinese than the Maritime Province; it was a small part of the large colonial empire which the Manchu Emperors had added to their estates. It had no long-established Chinese settler population, and the local inhabitants are Kazakhs. These people may well regret that they are divided between two alien régimes, but their complaints are not the issue. Much of the local trouble, in so

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far as it is not mere propaganda, stems from the nomadic habits of the Kazakhs, who wish to drive their flocks up to the highlands in China in the summer and down to the lowlands in Russian territory in winter. It is easy to represent these movements as "flights of refugees" one way or another; if they are forbidden, it is equally easy to allege harsh repression and arbitrary interference with long-established rights.

These facts are usually concealed by the vague language of the polemical attacks and replies. The Russians allege that fifty thousand "Chinese" (*i.e.* Chinese nationals) have fled into their territory in recent years. It is obvious that these people—whatever the real numbers—were Kazakhs, and very probable that they were merely exercising their normal nomadic habits. Both sides have endeavored to populate the border lands with their own nationals. Chinese immigration in recent years has raised the Han Chinese population of Sinkiang to over six million, and it is said that the native non-Han tribes are not much larger. In Russian Central Asia there are now twelve million European Russians and seventeen million of the local peoples—Uighur, Kazakh and Kirghiz. The Chinese probably also hope to check Russian intrigues among the non-Han population of Sinkiang by emphasizing their claims and grievances against the Soviet Union; it is unlikely that they have at any time contemplated direct action to enforce these claims, either in the western or eastern sectors of the common frontier. The advantages to be gained by either side from military adventurings along the frontier do not, at the present, seem worth the risks.

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ECONOMIC NECESSITIES AND ATLANTIC COMMUNITIES

By Alfred C. Neal

IN the Atlantic Policy Studies conducted during the past three years by the Council on Foreign Relations four books with a predominantly economic content are being published.[1] The authors and subjects of these books are, in order of publication: John O. Coppock on agriculture; John Pincus on less developed countries; Bela Balassa on trade liberalization among industrial countries; and Richard N. Cooper on international monetary affairs (to be published later this year). From these sources and from others, Harold Van B. Cleveland, in another volume in the series, has drawn conclusions about Atlantic economic relations in his "The Atlantic Idea and Its European Rivals." The purpose of this article is not to review these significant studies but to appraise their conclusions about whether the economic connections and conflicts in the Atlantic are, on balance, moving the nations of the area toward a coherent community in some sense of the word.

A proponent of the Atlantic idea will not find in these books, either in the economic analyses or in their conclusions, much support for his case. Mr. Cleveland's pessimistic conclusions—essentially that Europe and America will go their separate ways except as external threats pull them together—are largely consistent with the findings of the economist-authors of the specialized studies. Both he and Cooper, oddly enough, find conflicts in the one area in which coöperation seems to have been greatest—in international monetary affairs. But proponents of greater Atlantic unity will find much here that adds to the state of their knowledge as well as much to tax their patience, because the books are by and (except Cleveland's) for scholars.

In approaching the question of economic interdependence versus conflict in the Atlantic area, it is essential to recognize a reality the authors underemphasize—that there is an economic counterpart to the protection of the nuclear umbrella enjoyed

[1] "Atlantic Agricultural Unity: Is It Possible?" by John O. Coppock, 1966. "Trade, Aid and Development: The Rich and Poor Nations," by John A. Pincus, 1966. "Trade Liberalization Among Industrial Countries: Objectives and Alternatives," by Bela Balassa, 1967. "Atlantic Monetary Arrangements," by Richard N. Cooper (not yet in print). All published for the Council by McGraw-Hill, New York.

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by the Europeans. The American nuclear umbrella permits European states to follow independent and sometimes irresponsible foreign policies. By assuming the main economic burden of defense as well as the main burden of maintaining monetary stability, the United States also permits the Europeans a greater degree of independence in monetary and fiscal policies than they would have if they were carrying comparable burdens.

This fact has some indirect consequences which the authors usually treat under the heading of conflict. Our enormous government research expenditures on defense activities, it is charged by European critics, give American companies an advantage over their European competitors. Both Cooper and Balassa make the point, somewhat regretfully, that the one-sided research and development relationship can become the basis for another free ride by Europeans; they merely have to license the American development that interests them and welcome American investment, fostered by monetary stability, to get the benefits of advanced technology. Such a state of affairs they see as a basis of conflict. This normal and logical movement of technology across national boundaries is, of course, strenuously criticized and assailed by political leaders in Europe as yet another example of American domination. It may well be that the threat of so-called American domination[2] will to some extent replace the Soviet threat as a unifying influence in Europe. None of the authors, however, looks deeply enough beneath the surface to find out to what extent this type of economic interdependence is a unifying as well as a dividing force in the Atlantic area.

The research disparity between the United States and Europe and the supposed conflict to which it gives rise illustrate the type of problem that seems baffling to the economist in most of

[2] Every reader of these books should consider carefully the implications of the following comparison of gross national products of the United States and the European O.E.C.D. countries:

1965 G.N.P. AS A PERCENT OF TOTAL O.E.C.D. G.N.P.[a]

	Including U. S.	*Excluding U. S.*
United Kingdom	8.39 percent	20.75 percent
France	7.55	18.67
Germany	9.40	23.24
Italy	4.10	10.15
United States	59.56	....
Other European O.E.C.D. Countries	11.00	27.19
Total	100.00 percent	100.00 percent

[a] Excluding Japan and Canada.
Source: Agency for International Development.

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these works. The so-called conflicts often reflect little more than inner contradictions and inadequacies of national states reacting to the perception of their own limitations as they contemplate the sheer size of the omnipresent friendly giant whose influence they cannot either control or live without. The authors of the five books have stressed the politically divisive aspects of these unequal economic relationships between the United States and Europe rather than the economic and technological forces which every day dictate their continued coöperation.[8] One wonders whether the degree of Atlantic economic community perceived or projected might not take on large proportions if economists were as capable in their judgments and recommendations about political matters as they are in their own professional field. If this comment seems harsh, its validity may become more apparent from an appraisal of the conclusions of each of the volumes under discussion.

Coppock's admirable book, which could more properly be titled "Atlantic Agricultural Disunity," deals with a subject which represents perhaps the classic case of political frustration of economic forces. It needs little review and appraisal within the framework used here, *i.e.* whether the economic analysis leads to conclusions pointing toward closer economic integration. In agriculture, disunity has a long history. Farm policies conclusively demonstrated by the United States to be unviable are now being duplicated by the European Economic Community, starting with unreasonably high price supports and import controls. Fortunately, we are all rich enough to be able to afford uneconomic farm policies. Moreover, despite unwise policies, the depopulation of agriculture continues in this country and in Western Europe. At some point, the political influence of agriculture becomes largely symbolic and at some later time this fact is discovered by political leaders.

Coppock adduces no inevitable forces moving toward Atlantic unity in agriculture except possibly the need to coöperate on disposal of surpluses, which is inherent in the agricultural policies

[8] *Cf.* A dispatch in *The New York Times* of January 16, 1967, stating: "The French Government opened the door last year to let United States armed forces out and to let United States investment capital in. The turn to military isolationism captured the headlines, but the turn to economic liberalism was a more complete and unexpected reversal of policy." The reasons for this reversal of investment policy are fairly clear: (1) U.S. companies had access to France through her Common Market partners; France got the goods but not the employment and taxes. (2) France's balance-of-payments position has been weakening. (3) U.S. companies bring in technological advances and an aggressive and modern competitive spirit.

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being pursued on both sides of the Atlantic. He demonstrates that Europe, with a slightly more rational program than is now being pursued, could reduce its labor input in agriculture by one-third in ten years and by one-half in twenty years, while meeting the demand for farm products. Such a massive freeing of manpower would contribute greatly to Europe's economic strength. Despite its price-support program, the United States has already gone a longer distance down the road toward depopulating agriculture. In doing so, it has had to substitute capital for labor. The enormously greater use of capital accompanying the high productivity of American agriculture will undoubtedly be evoked by the E.E.C. countries as a further argument for protection of their farmers. The headlines will continue to chronicle conflict in agricultural policies while European farmers make their contribution to Atlantic coöperation by quietly leaving the land.

Balassa's book on trade policy is enormously useful. Like the others in the series, it brings us up to date on the state of knowledge in the field. But in making this contribution, Balassa deals only peripherally with the Atlantic issues that give the book its excuse for being. He heroically tackles the question of the height of national tariff levels and introduces for the United States and the other leading industrial countries calculations of "effective tariff rates." Effective rates are tariffs in relation to value added by the producer (after adjustment for duties, if any, included in materials used). Effective rates are usually higher than nominal rates for most manufactured goods, as could be expected from the method of calculating them.[4] For example, as Balassa notes in an appendix, textile fabrics carry a nominal rate in the United States of 24 percent, but an effective rate of 51 percent. More important, this method of calculation demonstrates that for many of the earlier stages of manufacture and processing, the effective protection is greater than on the finished manufacture into which the processed and semi-manufactured materials enter. This is inherent discrimination against developing coun-

[4] For example, suppose that the world price of a certain type of leather is $100 and the cost of the hides to make the leather is $70. Then the "value-added" by the foreign producer is $30. Now assume that imports of hides are duty-free, but that imports of leather are subject to a 10 percent tariff. The tanner is, therefore, in a position to charge $110 for the leather. But the $10 duty protects not the cost of producing hides, which can be imported free of duty, but only the "value-added" in tanning the hides, which amounts to $30. Thus, a nominal tariff of 10 percent on leather gives effective protection to the tanning industry equivalent to 33⅓ percent by permitting the domestic producer to incur higher costs to that extent on his processing operation. (The foregoing is derived from a forthcoming C.E.D. policy statement.)

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tries which normally could be expected to enter into the earlier stages of processing, especially of their self-produced raw materials. Balassa makes much of this finding in his recommendations about trade policy toward less developed countries, as Pincus does in his book.

In addition, Balassa attempts to find a quantitative answer to the question, "What difference would it make if tariffs were abolished in the Atlantic area?" Quantitative estimates being possible only on the assumption of unchanged production methods, his calculations were made subject to that limitation. On this basis, he calculates that free trade in the Atlantic area would increase trade by about 2 percent of the combined national products of the EFTA countries, by about 1 percent of that of the United Kingdom and the European Common Market, and by about 0.5 percent of that of the United States. When one considers that rationalization of agricultural policy or a little more education could have comparable effects on the G.N.P. of the United States and probably elsewhere as well, the case for eliminating tariffs as a means of expanding gross national product is somewhat less persuasive than might ordinarily be expected. But, as Balassa points out, the other effects of free trade—increased competition and reductions in cost through economies of scale—would tend to be large. As we shall see, however, these would not be large enough in Balassa's view to overcome political obstacles to the formation of an Atlantic free trade area.

On nontariff barriers to trade, Balassa's treatment is sketchy at best. As tariffs are reduced in successive negotiations, nontariff barriers, which formerly were hidden behind tariff walls, come into view. These tend to be concentrated at specific points on specific commodities and include such government policies as purchasing only from national suppliers or using internal taxes, like those on automobiles, effectively to discriminate against imports. The tax system itself can have an impact on imports and exports. The impact varies according to the weight that is given in the system to direct taxes on the one hand, and on the other, to indirect taxes such as the value-added tax.

On the key policy issue of further trade liberalization in the Atlantic area and the alternatives to a stalemated Kennedy Round, Balassa's conclusion is unequivocal. Even if the Kennedy Round is a failure, it would not be appropriate to move toward the development of an Atlantic free trade area. "Under

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present conditions, the establishment of an Atlantic free trade area appears neither feasible nor desirable." Balassa gives the following reasons: (1) The major European countries—particularly the E.E.C. nations—are opposed to it because it would interfere with the political and economic integration of Western Europe. (2) It would introduce conditional most-favored-nation treatment and this, he asserts, could better be used against the United States than by it. (3) The EFTA nations have more to gain (in trade) by joining with the E.E.C. than they have to gain by joining an Atlantic free trade area. (4) The attempt to establish an Atlantic free trade area would deepen the division in Europe and the conflict within the Atlantic Alliance. By contrast, the advantages of a unified European economy are great and would make it possible for Europe to become the equal partner which the United States wishes to have.

In the event the Kennedy Round fails, what advice has Balassa to offer the United States? For one thing, wait and see about Europe. For another, turn your attention to what can be done about providing preferential access to the manufactured exports of less developed countries. The first part of that prescription, to this writer, seems politically naïve (as also, I think, his advice that Canada and the United States form a customs union if Britain and EFTA enter into the Common Market). The second part of it has much merit, as Pincus points out, regardless of what happens to the Kennedy Round.

For the United States to give preferential access to the manufactures of less developed countries, according to Pincus, is clearly in our national interest. Moreover, it would call the bluff of the French and Japanese who have given lip service to this idea, believing that the United States would veto it.

In the admirably realistic last chapter of his book, Pincus comes closer to achieving a mature blend of political and economic judgment than is usually found elsewhere in these studies. He argues, I think correctly, that there is no overriding interest, such as security, among the Atlantic countries that dictates a common policy toward the developing countries. Therefore each advanced nation builds its own policy toward developing countries on its own package of interests. To be sure, developing countries on the one hand and O.E.C.D. members on the other have both agreed that 1 percent of gross national product would be about the right amount for foreign aid. But despite such agree-

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ment there is no indication that this figure is even being approached. In fact, performance is falling increasingly short of the target. Political agreement does not follow national economic interest in this case, just as in other cases political conflict seems to coexist with economic harmony.

Pincus does suggest, as is so rarely the case in the other studies, alternative policies which would tend to bring the developed countries closer together. For example, if we really want to increase assistance to the less developed countries, consider investment guarantees and trade preferences. In each case, international coöperation is called for. Competition in investment guarantees is likely to lead to some form of coöperation. Trade preferences, if made within the framework of the GATT, must be on a most-favored-nation basis and also require a concert of action by the developed countries.

It is in monetary coöperation that one expects to find the imperatives for Atlantic coöperation. Cleveland's book, finished long before Cooper's, concentrates on conflict in this area, which seems somewhat out of keeping with Cooper's appraisal of more recent developments. Cooper comes very close to opening the gates to some fruitful speculation when he stresses the great changes in the world economy which have occurred in the last two decades: a greater sensitivity of international trade to variations in costs and prices abetted by the reduction in both transportation costs and tariffs; the easier movement of capital under conditions of greater freedom to take advantage of small-yield differentials and of opportunities for international specialization. These developments, he points out, increase the interaction among national economies.

It is exactly these interactions which transmit the findings of science and technology and the know-how of industrial management in realizing economies of scale which together bring to all countries, in the end, the benefits of lower prices, new products and higher living standards. However, he sees in this process an increase in the number of "disturbances" with which national policy-makers must cope. The decision-making domains of business are increasingly outreaching governmental jurisdictions. The impact of national regulatory action or taxation is blunted partly because regulated or taxed businesses may escape from national jurisdictions. "In sum," he concludes, "as national economies become more closely integrated, national freedom to set national

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economic objectives and to pursue them effectively with national instruments of policy is increasingly circumscribed."

This state of affairs, Cooper says, provides a choice of national policy from three broad alternatives: (1) to accept the loss of national freedom implied and to work out a joint determination of economic objectives and policies; (2) to try to preserve as much national autonomy as possible by obtaining external financial accommodation for the prolonged payments deficits which might result; (3) to reject integration by restricting foreign trade and international capital movements.

In setting up these alternatives, Cooper rightly stresses that national autonomy in the pursuit of national economic objectives requires external finance and, logically, that the extent of external financing available will have a great deal to do with whether members of the Atlantic community are forced into joint determination of economic policies or are free to pursue independent and possibly contradictory policies. To the writer, this is one of the most cogent reasons for restricting the supply of "new" international money, and for making access to it something less than automatic. A larger advanced country should not be free of international restraints on the pursuit of economic or other goals that are in conflict with the goals of the rest of the advanced world, especially if to do so requires the rest of the world to finance its aberration from good behavior. (Smaller advanced countries have no such freedom anyway; Cooper largely ignores them.)

In the absence of adequate external finance, Cooper feels that countries will be pushed toward the third alternative and therefore recommends an orderly and agreed upon use of restrictions on trade and capital movements as well as wider margins of fluctuation for exchange rates to protect national balances of payments. "The third solution, therefore, seems to win by default." It does, indeed, if one must conclude that it is easier for countries to coöperate on programs which will hurt them all in order to distribute the hurt equitably than it is to coöperate on programs which will help all but not necessarily equally. While one may disagree with Cooper's choice among alternatives, as this writer does, he has spelled them out clearly and he has carefully set forth the costs and benefits involved in the choices before us.

One can only conclude that Cooper prefers national government intervention through mutually acceptable restraints on international interdependence to the integrating forces of markets and

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voluntary institutional coöperation which have, as his own and other studies demonstrate, resulted in remarkable international economic growth and stability during the past decade. Must the public interest be found only in government policies, and not in the quiet operation of a system of voluntary coöperation?

It is in the failure to explore positively the promising leads scattered through Balassa's book and just referred to in Cooper's that the Atlantic Policy Studies do not fulfill expectations. They bring us up to date—indeed they are indispensable for that purpose. Their view into the future, however, to the extent that it exists, is unimaginative if not grim.

II

Trade, capital movements and economic development are inseparable parts of a common process. It may be useful to set down some present and emerging relationships which are moving us toward greater unity than some of these books would have us believe. Trade barriers have already been much reduced. Removal of barriers to trade and restoration of convertibility at fixed rates of exchange permit today's large (and tomorrow's larger) corporation to look at a considerable part of the world as a single economy. Economies of scale and rational allocation of resources require that investments be made where they yield the highest returns, that manufacturing be done where it can be done cheapest, that buyers have access to lowest-cost sources of supply. These considerations all transcend national boundaries. In a number of industries they already call for international or multinational corporations for the purpose of doing business and also for free trade in the products involved. But if the dynamic unifying element working here is to be effective, it must be supported by substantial freedom of investment, the antithesis of the control over capital movements preferred by Cooper. In short, capital must be free to flow out and to flow in. Business, under these conditions, is not treated as an instrument of national policy. Nor should it be, if we want unity and efficiency in the world.

The need to permit enterprises, on grounds of economy and efficiency, to operate anywhere suggests a new strategy for tariff negotiations, as Wyndham White has recently suggested. The new strategy in this connection calls for sector free trade—free trade for particular industries, on a worldwide basis. It has

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occurred on a limited basis in the European Coal and Steel Community and in the Canadian-American automobile agreement. It will probably be an essential element in getting the Latin American Free Trade Area off the ground, and it is a potentially advantageous arrangement in the aluminum, wood-pulp and who knows what other industries. It is an arrangement that cuts across the North-South barrier (*e.g.* in aluminum); small developing countries can be big in some products. It is an arrangement which is inherently devoted to a widening area of trade freedom, if only because of the degrees of substitution among commodities. It is an arrangement that does not depend on obtaining reciprocity, the bugaboo of past trade negotiations.

Launching sector free trade does not have to depend upon an act of political will, as have past negotiations for trade liberalization, but only upon the private sector's ability to overcome political resistance. If the 80 percent clause in the Trade Expansion Act (designed to permit establishment of free trade in commodities in which the United States and E.E.C. accounted for 80 percent of the production) had been economically rather than politically motivated, some progress might have been made already toward establishing free trade by industrial sectors.

A unifying influence grows out of economies of scale—the necessity to do things on a large scale to get the lowest cost, or indeed even to do the thing at all. Economies of scale have reached the point in some fields where neither the United States nor Western Europe alone is big enough to exploit them. We have seen this already in nuclear weapons development; it is becoming even more obvious in the development of anti-missile defenses; only two presently established economies, the American and the Soviet, can keep up the pace. The same appears to be true of space exploration (and its offshoot, communications satellites); of particle accelerators for advanced nuclear research; and perhaps of the application of data processing to the storage and retrieval of knowledge (libraries), to education and to patent searching and recording.

With an increase in the number of fields in which duplication of technological effort is very expensive or impossible, the choice for smaller nations is reduced to international coöperation or doing without. The strains are already evident in the European states which have yet to make the enormous investments required for accommodating the automobile, and simultaneously

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are faced with problems of developing supersonic aircraft, nuclear weapons, advanced data processing and space exploration, and meeting the need for investment to increase enormously the proportion of their population educated through the college level. A frightening possibility is that efforts to control the international flow of capital to enhance supposed national interests will worsen this situation. Capital movements provide a mechanism for transferring and sharing knowledge, technology and know-how. Restriction of overseas capital investments which contribute to economic progress will set in train other developments which can already be discerned, such as migration to the United States of scarce foreign scientific and professional personnel who might otherwise be employed in branch plants and laboratories in their home countries. This probably would be followed in Europe by either unwillingness to reduce trade restrictions or a positive demand to increase them, because of the greater competitive power of the colossus of the West.

If there are such strong forces in being and in the offing, then policy prescriptions about international money should be different from those suggested by Cooper and Cleveland. First, restrictions on the investment of long-term capital would be, in the longer run, contrary to the interests of the United States and of Europe alike. Second, provision of a new source of international liquidity could have an adverse as well as a positive impact on unity.

The shortage of liquidity in particular cases—Italy in 1964–65 and Britain in 1964–66—calls forth an outpouring of international monetary coöperation that is almost unbelievable. Central bankers and finance ministers usually know the rudiments of their business. Any structure based on confidence will collapse if those supported by it do not stick together. Because the world's supply of liquidity—for ultimate settlement of balances among nations—can be provided only by shuffling around claims on each other, central bankers and finance ministers must respect each other's claims. Of course, the achievement of greater financial independence through a large increase in the supply of reserves would destroy this built-in imperative to unity. As this is written, concord in monetary policy seems to have reached the point of *international* agreement to reduce interest rates, a forerunner of other coördinated *domestic* monetary policies.

Monetary coöperation in one form or another is the major imperative for viability among the advanced nations. There is not

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enough gold in hand or in prospect to supply the world's liquidity needs. Elimination of gold from the world's present monetary system would be a start toward a better one. Someone—and we do not find him among these authors—should boldly suggest that international coöperation will be furthered more by economizing on reserves than by the creation of enough new supplies of liquidity to let countries loosen their ties to the world economy. And someone should also stress that coöperation from all the major industrial nations—including the French—is not a necessary prerequisite to increasing the supply of internationally acceptable money.

The Atlantic Policy Studies are significant and important on the economic side, but they do not cut through the political veil to the underlying technological and economic realities which stand in conflict with most of the outmoded political considerations which are trotted out these days as national objectives. Because Atlantic, as usually defined, is itself a somewhat outmoded geographical and political concept, there is little wonder that studies largely confined to the area should be unable to identify and appraise the non-political, non-national forces which are working against political constraints on economic integration, and which in time will probably overcome them.

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TURKEY: EMERGING DEMOCRACY

By Aydin Yalçin

TO understand modern Turkey and its problems, one has to remember that the process of political modernization or Westernization began more than a century ago. Successive defeats beginning in 1718 taught the Turkish nation that its traditional social, political and economic system was inadequate for survival in the modern age. Turkey had to change. Hence the roots of many contemporary institutions can be traced back well into the middle of the nineteenth century, particularly after the Crimean War. The legal and administrative framework of present-day Turkey was laid down in that period. Modern transport and communications systems were introduced; railways, telegraphic communication and a postal system came into being. Compulsory primary education in modern schools, administrative and legal reforms, modern banking institutions and many other social foundations were also established prior to 1923.

However, all these efforts were superficial and insufficient to guarantee the survival of the Ottoman Empire. The piecemeal reforms failed to create a viable whole out of a decadent, multinational empire. The real modernization effort had to await the new Republic of 1923 to plant roots deep in the social fabric of Turkey. Kemal Atatürk was no less a radical social reformer in his approach to social change than his contemporary, Lenin. He was one of the frustrated young officers of the Ottoman army to whom the social change carried out by the Ottoman reformers seemed slow, inconsistent, piecemeal, hesitant and partial. For him, modernization required change that was comprehensive and revolutionary. As a social architect he attempted to change the life of the nation not only in schools, in offices, in factories, etc., but also in headwear, in family relationships, in language and in social customs.

Atatürk differed from Lenin, however, in several respects: he rejected ideology as a means of reconstructing Turkish society. His approach was empirical. He wanted to remold Turkish society according to Western European systems which were difficult to define in ideological terms because of their pluralistic character. He was an educated Turk, impressed by the French Revolution and influenced by the philosophers of the age of enlightenment.

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He was not a revolutionary brought up under the influence of Marxist teaching or a romantic admirer of those who fought the ruling classes at the barricades.

Further, the nation which Atatürk wished to reform had its own social structure and had passed through a special historical development. First, modernization in Turkey was initiated neither by a colonial power nor by foreign commercial interests, but by a national and indigenous élite. The early reformers of the Empire were the educated Ottomans trained for public service. "Young Ottomans" and "Young Turks" of the late nineteenth and early twentieth centuries were civil servants and army officers. Turkey experienced no colonial rule as did most of the emergent nations. Its long history as an independent sovereign state, and the ability of its own élite to introduce modern institutions into the country, helped it to develop a different pattern of social change. The spheres of life most affected in the early stages of modernization were the army, the administration and education. This enabled Turkey to transform itself in an orderly way, avoiding the pattern of some countries where the forces of modernization led first to chaos and then to violent revolution.

As the mere chronology of events shows, the process of change in Turkish history was gradual, from Tanzimat (the Reform of 1839) to 1946, when political democracy on the Western model was introduced; the disruption of traditional institutions and the diffusion of alien forms of culture and patterns of behavior occurred at a pace which permitted acceptance. Hence Turkey, in her path to modernization, managed to avoid civil war and violent revolution. The deep wounds of civil strife, of the magnitude of the French and Russian Revolutions or the Spanish Civil War, leave a residue of fear and bitterness and need a long time to heal. In Turkey, minor instances of violence have not injured the chances of reconciliation and restoration of an equilibrium between social change and social order. The fact that Atatürk at the height of his political power and prestige twice attempted to create parliamentary democracy with a multi-party system, in 1924 and 1931, is a case in point.

The homogeneous nature of the Republic, its lack of religious and racial minorities, helped to create a social environment in which it became possible to form a national purpose, something which the Ottoman Empire badly lacked. The structure of Turkish traditional society was itself a positive factor in the

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process of modernization. With no landed or feudal aristocracy comparable to Europe's, Turkey was a relatively unstratified society. The system of land tenure in the Ottoman Empire did not lend itself to the emergence of a ruling class whose power resided in its control of vast estates. The land belonged in theory to the Sultan and was partly entrusted to his agents for administrative and military purposes. This system provided more mobility and flexibility; the ruling and administrative classes in Turkish society did not create a separate caste far removed from the people and peasantry.

In the Republican era, the land-tenure system was further democratized by enabling the peasantry to appropriate landholdings which originally belonged to the state and to religious foundations. According to the latest statistics, only one village family out of 11.4 has no land. This shows that the peasants, who constitute two-thirds of the population, are on the whole the landowning class. Absentee landlords do not constitute a national problem, as in some Middle Eastern and Asian countries, but a problem peculiar to certain regions, and requiring reform at a regional level.

Another leveling factor in Turkish society has been education, which has been available on the basis of merit. Education has not been exclusive, but has drawn on broad segments of society to recruit civil and military leaders.

These are some of the factors which favored Turkey's modernization. There were obstacles, too—some of them originating in the very nature of social change. From the beginning of the nineteenth century, the process of modernization tended to create a dual society. A thin layer of people with a modern outlook had endless difficulties of mutual readjustment and coexistence with the larger body of traditional society. The process of disintegration of rural and traditional society caused serious tensions. The urban and educated classes were frustrated by the apathy of the peasant and his slow rate of progress. As a result, they developed authoritarian and paternalistic tendencies. Their consciousness of the immensity of the problems lying ahead pushed some of the intellectuals to radicalism and skepticism.

On the other hand, the people who had not been brought into the orbit of modernization developed a kind of hostility toward anything new and modern. Resistance at times became active, though it offered no serious challenge to the modernizers. The

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traditionalists were waging a losing battle. Fundamentalists and religious reactionaries have always existed in all Islamic countries, but in Turkey they have not been able to organize on a national scale as did the Muslim Brotherhood in Egypt and other fanatical groups elsewhere in the Middle East. Their lack of organization and loss of confidence in the face of headlong change made them quite submissive to Atatürk's reforms.

II

In 1946 Turkey adopted universal suffrage with a multi-party system amidst much skepticism about the timing and wisdom of such a radical step. Many feared that the new forces unleashed would destroy the order and coherence that modern institutions had created. But Turkey met the test. The contending parties did not question the basis of Atatürk's reforms and mutually agreed to set limits to political controversy. The orderly change of government after a free election in 1950 was a unique experience for the Turkish nation. It was a remarkable demonstration of national political maturity and strengthened the people's self-confidence.

In 1960 civilian and democratic rule was interrupted by the military but was restored the following year after a new constitution had been drawn. Both the events preceding the military intervention and the political crisis after it have served to make us aware of the inherent weaknesses in our political institutions. Despite the fact that military intervention occurred at the worst moment of political crisis, it did not take too long for the public, including the military itself, to realize that the end of civilian rule created more problems than it solved. The leaders of the military régime soon grasped the fact that Turkey's problems were much too complicated to be susceptible to quick and simple solutions. Hence they were eager to return to representative government through elections and party politics. Subsequently, two attempts were made by radical and revolutionary groups within the military to establish a kind of military dictatorship, but both failed badly because of the reluctance of the overwhelming majority of the military to assume political responsibility.

Although universal suffrage and majority rule did not bring a head-on clash between the modern and traditional elements in the 1950–60 period, they created serious tensions. A kind of truce and modus vivendi established between opposing political groups

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was not effective enough to efface mutual suspicions. The charges of reaction leveled against the Democratic Party by the People's Republican Party (P.R.P.) after the change of power in 1950 continued uninterrupted until the 1960 military intervention. Under the Democratic Party, the government was regularly accused of administrative inefficiency, abuse of power, partisan treatment of citizens, the tyranny of the majority in the legislature, and disrespect for the rights of the minority.

Turkish intellectuals, who were largely Republicans, feared that under popular pressure the new political leaders might compromise the legacy of Atatürk and tolerate religious reaction against the reforms. Attacks against Atatürk's monuments by religious fanatics, widespread dissemination of publications critical of reforms and modernization, and the opening of unauthorized private religious schools in the countryside were seen by them as preliminaries to a restoration of a religiously oriented régime. The Democratic Party's attempts to curb civil rights, restrict academic freedom and limit the activity of the opposition further aroused the intelligentsia.

The countercharge of disrespect for the sovereignty of the people was hurled back by the Democrats against the Republicans. The Democratic Party did indeed enjoy strong popular support as a result of broadening participation by the people in public affairs. As a result of popular pressure for public services, the new Government undertook and accomplished many responsible tasks with perhaps less efficiency than one would wish, but with speed and continuity.

With the new constitution adopted in 1961, Turkey returned to civilian administration and parliamentary government. The new constitution reinforced the system of "checks and balances," in an effort to prevent any possibility of drift to authoritarianism or a tyranny of the majority. The new constitution provides for proportional representation, a bicameral legislature and a Constitutional Court. It strengthens the autonomy of local government, the universities and the judiciary and provides additional guarantees to assure freedom of the press, of association and of trade unions. These provisions, combined with legislation setting limits to the activities of political parties, have created a new political environment in Turkey. The change in the structure and aims of political parties has also altered the general atmosphere.

However, the main problem, which will require the utmost at-

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tention of our political leaders, remains the same: namely, how to preserve the delicate equilibrium between order and coherence of society on the one hand, and peace and rapid evolution on the other.

Rapid development into a more pluralistic society has introduced problems of harmony, coördination and rational planning in politics. The need to compromise between rural and urban interests, the problem of reconciling the needs of a sophisticated intelligentsia with those of a large uneducated rural population, have heavily taxed the capacity of our political leaders, who were raised in an entirely different environment.

Provincial governors, heads of administrative departments and army officers have been complaining about the loss of administrative efficiency as a result of constant intervention by elected officials and politicians. They are also having to accustom themselves to decentralization of political power and to increasingly articulate criticism by intellectuals in the universities, by the press, the trade unions and independent associations.

The civilian leaders, who no longer owe their power to some higher individual authority or a military victory, face the problem of winning public acceptance. The absence of a military hero is considered a boon in democratic and civilian régimes, but in Turkey, to establish respect for the authority of a democratically elected civilian leader is not an easy matter.

The main responsibility, of course, rests on the majority party which has the power and the initiative. In the last election, contested by six national political parties, the Justice Party obtained 57 percent of the vote. Some of its support, though a small part, came from religious elements which are greatly feared by the intellectuals. The governing party has worked to allay these fears, however, by voting to exclude offenses committed by religious reactionaries from last summer's Amnesty Bill and suspending the General Director of Religious Affairs, whose main support seemed to come from vocally conservative circles. But the Justice Party suffers from being considered the heir of the former Democratic Party, and the minority parties still fear a return to an oppressive majority rule. In these circumstances the ruling party must exercise its mandate with the utmost tact and responsibility. There is no doubt that past experiences will serve as an important lesson for individuals as well as groups. One may therefore expect that the contending parties will henceforth try to avoid tensions

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which led to the breakdown of the parliamentary system in the past.

With the exception of the small (Marxist) Turkish Labor Party, the political parties have moderate platforms and agree to work within the present social and political framework. In other words, political forces representing 97.5 percent of the electorate repudiate any totalitarian ideology or any advocacy of class warfare with undertones of political violence. The recent drift of the People's Republican Party toward the left, as expressed in a more radical political platform and sometimes violent language associated with Marxism, has created some uncertainty, however. There is an authoritarian and radical streak in the tradition of the Republican Party, but the general political atmosphere is not conducive to an extreme left-wing platform, and the Republican leaders will probably settle down with a moderate left-of-center policy.

As a member of the Justice Party, I comment on the People's Republican Party with some hesitance, but I think it is fair to say that the P.R.P. is trying to find its way in a new era. As the party of Atatürk, claiming to be the propagator of his reformist movement with a mass following, it held a monopoly of political power during the period of single-party rule. Now it must adjust its program to a multi-party system in which it finds itself in a minority. Since the Justice Party emerged with mass support and wholehearted allegiance and respect for the reformist tradition of Atatürk, the P.R.P. has found itself in a vacuum and it is still searching for a way to attract political support.

At its convention in late April, the P.R.P.'s parliamentary members were badly split on the question of the platform. Nearly a third of them resigned from the party on the specific grounds that the party had chosen a path too far to the left to be compatible with the original principles laid down by Atatürk in 1924. It is too early to make any accurate forecast about the probable course of developments arising out of this deep-rooted dispute; but if the P.R.P. does settle for a moderately left-of-center program, the two major parties—both representing moderation and both near the center of the political spectrum—will then be in a better position to offer the electorate valid alternatives. Otherwise, we are likely to see a very strong party opposed by small and ineffective political forces with no chance of coming to power in the near future. This would be a serious weakness for democracy.

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III

The function of political parties is to provide a channel of communication between the people and the decision-makers. They help to classify interests of various groups and reconcile public and private aims through competitive politics. In these functions, Turkish political parties have been well organized and have acquired considerable experience. What they need is constructive support and criticism from various national institutions such as the press, trade unions, universities and others who shape public opinion. An independent press of high quality is essential to a well-informed and active public opinion, especially in a society where many people are isolated. The Turkish press, which has shown a phenomenal development in recent years, is starting to improve its accuracy, content and analysis, but still leaves much to be desired.

Similarly, political leaders cannot perform well without good administration and the kind of education that only first-rate universities can provide. In a democracy, political power rests mainly on the power of persuasion based on knowledge. Charismatic leaders with supernatural powers are an anachronism in modern democracies. As Max Weber pointed out, democratic leaders should have the intellectual and psychological qualities which will enable them to work harmoniously and successfully with a rational bureaucracy. Improved training in public administration as well as measures to raise the level of education in the social sciences and the liberal arts are essential if the level of political debate is to be raised and to become more rational. The new generation of politicians is already beginning to recognize that these disciplines are necessary in order to cope with complex problems of policy.

The need to increase the level of education in science, technology and liberal arts is relevant not only for the efficiency of the administration, but also for our partnership with the Western world and in particular the European Economic Community, of which Turkey is now an associate member. In fact, Turkey's desire to maintain close relations with the West in political and economic fields is in the true tradition of Atatürk's heritage, and also an important environmental factor affecting Turkish life, morally and materially.

The amount of public and private capital that has entered

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Turkey since the Second World War has been unparalleled and has enabled us to double our real national income. The rise in the rate of economic growth to an average of 7 percent has also been a very important stabilizing factor in Turkey's political development. Democracy and self-government are hardly conceivable where citizens live at the subsistence level or where there is no sense of upward movement. The Turkish economy has now attained a stage of development where the process of cumulative growth on a "compound interest" principle can operate, supported by an annual rate of capital accumulation of about 18 percent of domestic resources. However, a greater effort will be required to bring more people, sectors and regions into the orbit of economic development. According to some rough estimates, only half of the total population is contributing to the growth of the economy.

As recently as the 1930s, Turkey had no entrepreneurial class worthy of the name. Now the private sector is vigorous, partly as a result of the rise in per capita income to around $300 at the official rate of exchange. A new and aggressive managerial class in industry and a decentralized pattern of development are enabling the economy to attain higher rates of growth. That is why it is so vital to develop a capital market in Turkey.

In spite of this satisfactory growth, the difficulties of developing social justice and political stability are formidable. The problem of "rising expectations" as a result of economic development and modernization can lead, as we all now know, to unfulfilled hopes. On the whole, Turkish democracy is working to correct social imbalance; the ever widening range of social insurance, social services for poorer regions and groups, schools, hospitals, roads and water supplies are forestalling feelings of injustice. As a result, the Justice Party has a strong following in the villages and trade unions as well as in the towns and among employers.

As long as we maintain social policies which enable the masses to share in the rise of income and wealth of the country, we may hope that radical and revolutionary appeals of the extreme left will be without effect. Despite vigorous efforts of the Marxists to arouse hostility against the present social and economic system, only 2.5 percent of the total electorate responded, and this is an encouraging sign that the Turkish political system will be able to contain the elements of instability. Despite the political setbacks of the early sixties, the prospects for Turkey are bright.

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U.S. ASSISTANCE TO LESS DEVELOPED COUNTRIES, 1956-65

By Kenneth M. Kauffman and Helena Stalson

IN the great debate as to the obligations of the highly industrialized nations to the less developed countries (L.D.C.s), it is not always easy to find relevant and consistent information on the actual amounts of foreign aid provided by the United States. This is so chiefly because of the variety of American aid programs and the variety of ways in which their activities are recorded. The reduction of this diversity to a relatively few figures means some loss of precision but is justified by the need for some kind of straightforward measurement. While a considerable body of informed opinion, in the United States and abroad, holds that the growing gap between the rich nations and the poor nations may lead to disaster, this view appears to be moving against the current of public and Congressional opinion. To meet this issue it may be useful to have in one place an annotated set of figures on U.S. Government aid as well as a summary of total world aid to the L.D.C.s in the decade 1956–65.

The most striking facts revealed by the data can be summarized in eleven points:

1. Official economic aid to all L.D.C.s from all sources (including communist countries) averaged $6.7 billion a year between 1961 and 1965.

2. During the 1956–65 decade, member countries of the Development Assistance Committee (DAC), which account for about 90 percent of all economic aid, provided over $50 billion of official economic assistance for L.D.C.s. The U.S. share was 58 percent of this total.

3. The net flow from all DAC countries was 45 percent higher in the second quinquennium than in the first.

4. U.S. commitments of economic assistance rose 60 percent between the first and second halves of the decade—from $2.5 billion to $4.0 billion a year. But the rising trend in annual commitments ended in 1962.

5. U.S. commitments of economic assistance to L.D.C.s and multilateral agencies rose from 0.54 percent to 0.68 percent of G.N.P. between 1956–60 and 1961–65. But from a 1962 high of 0.76 percent, they fell steadily to 0.60 percent of G.N.P. in 1965.

6. Net U.S. bilateral economic assistance expenditures for L.D.C.s rose more than 50 percent between the two halves of the decade—from an average of $2.1 billion a year to $3.2 billion a year.

7. U.S. military aid to L.D.C.s averaged $1.3 billion a year in both halves of the decade.

8. Between the first and second halves, U.S. economic aid to East Asia declined in absolute amounts. The proportions and amounts going to Africa, Latin America and to non-regional funds rose.

9. Large countries have tended to rank high in total aid but low in per capita aid.

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GLOSSARY

L.D.C.s—Less developed countries, which include:

NEAR EAST AND SOUTH ASIA. Afghanistan, Pakistan, India, Nepal, Ceylon; Cyprus, Greece, Turkey; Egypt, Iran, Iraq, Israel, Jordan, Lebanon, Saudi Arabia, Syria, Yemen.

EAST ASIA. All countries in the region (except Japan and Mainland China), plus the Trust Territories of the Pacific Islands.

AFRICA. All countries except Egypt and the Republic of South Africa.

LATIN AMERICA. All countries in the region.

In addition to the L.D.C.s covered in U.S. aid statistics, DAC aid figures include Malta, Spain and Jugoslavia.

DAC—Development Assistance Committee. Members: Australia, Austria, Belgium, Canada, Denmark, France, West Germany, Italy, Japan, Netherlands, Norway, Portugal, Sweden, the United Kingdom and the United States. An agency of the O.E.C.D. (Organization for Economic Coöperation and Development).

NET FLOWS—Disbursements of economic grants and loans (maturity of one year or more) to L.D.C.s and to multilateral agencies, minus repayments of principal. Data are on a calendar-year basis.

G.N.P.—Gross National Product.

P.L. 480—The Public Law establishing the program now called "Food for Peace."

From the jumble of terms that are used to describe the U.S. aid-giving process, two have been chosen—"commitments" because they are an indicator of intentions, and "expenditures" because they measure the amounts used by recipients.

COMMITMENTS: (1) Authorization of long-term loans and grants; (2) in the case of agricultural commodities under P.L. 480, the planned uses of the local currencies acquired through sales, the authorization of grants and donations, or the long-term credits for dollar sales; (3) obligation of funds to international organizations and capital subscriptions to the Inter-American Development Bank, the International Development Association and the International Finance Corporation. Commitments are on a fiscal-year basis, July 1 through June 30.

EXPENDITURES: (1) Dollars disbursed by the U.S. Government to the account of a foreign government or entity, or (2) the dollar equivalents of goods shipped or delivered, services rendered or foreign currencies disbursed; not including disbursements by international agencies of funds to which the United States has contributed. Expenditures are on a calendar-year basis.

Commitments will usually exceed expenditures because of (1) time lags, (2) the inclusion of a large part of the annual average of $200 million in commitments for non-regional funds (chiefly contributions to international agencies) that do not appear in expenditures since they are not assignable to L.D.C.s, and (3) the valuation of some items in P.L. 480 aid at higher prices in the commitment figures. Inclusion in expenditures of the net accumulation of foreign currencies, a portion of which is excluded in commitments, reduces the difference between the two measures.

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10. Over the decade the terms of U.S. assistance hardened. Aid was increasingly tied to procurement in the United States. Loans rose from 42 percent to 60 percent of bilateral commitments between the first and second halves of the period. From the middle of the decade loans increasingly became repayable in dollars and interest rates on these loans rose toward the end of the period.

11. During 1963–65 interest and principal repayments amounted to nearly half of U.S. gross bilateral economic aid expenditures in Latin America, and to about 12 percent in the rest of the L.D.C.s.

According to DAC, total world flows (net) to all the L.D.C.s from all official sources—multilateral and bilateral—averaged $6.7 billion a year from 1961 to 1965. In 1965 they reached $7.4 billion.[1] Of the total flow about 90 percent came from fifteen DAC member countries. For these countries data covering the 1956–65 period are shown below.

TABLE I

NET FLOW OF OFFICIAL FINANCIAL RESOURCES TO LESS DEVELOPED COUNTRIES AND MULTILATERAL AGENCIES

(*in billions of U.S. dollars*)

	1956–60	*1961–65*	*1956–65*
All DAC	21.0	30.5	51.5
United States	11.7	18.1	29.8
All other DAC	9.3	12.4	21.7

In the decade covered, DAC countries provided some $50 billion of economic assistance for the L.D.C.s.[2] Between 1956–60 and 1961–65 the amounts increased by 45 percent. Although this was a significant improvement in the level of aid, the 1966 DAC Chairman's report cautioned against the presumption that there is a rising trend in the total volume of economic assistance. From several donor countries there were disquieting reports of disenchantment with aid, which may affect budgetary appropriations for both bilateral and multilateral programs. Consequently it is not certain whether the flow of official aid will continue to rise.

As far as official U.S. aid is concerned, commitments of economic assistance increased by 60 percent between 1956–60 and 1961–65, and net expenditures rose 52 percent. Military aid, however, remained the same in the first and second halves of the ten-year period.

[1] Total net flows of economic aid to L.D.C.s, from non-communist and communist countries, from official and private sources, were estimated by DAC (in billions of dollars):

	1960	*1961*	*1962*	*1963*	*1964*	*1965*
Total	7.7	9.0	8.6	9.4	9.9	11.0
Total, excluding private bilateral flows	4.9	6.0	6.4	7.0	6.9	7.4

[2] Amounts provided to multilateral agencies go partly to more developed countries. Unlike the data cited in footnote 1, the figures in Table I measure flows *to* multilateral agencies and not *from* them to the L.D.C.s.

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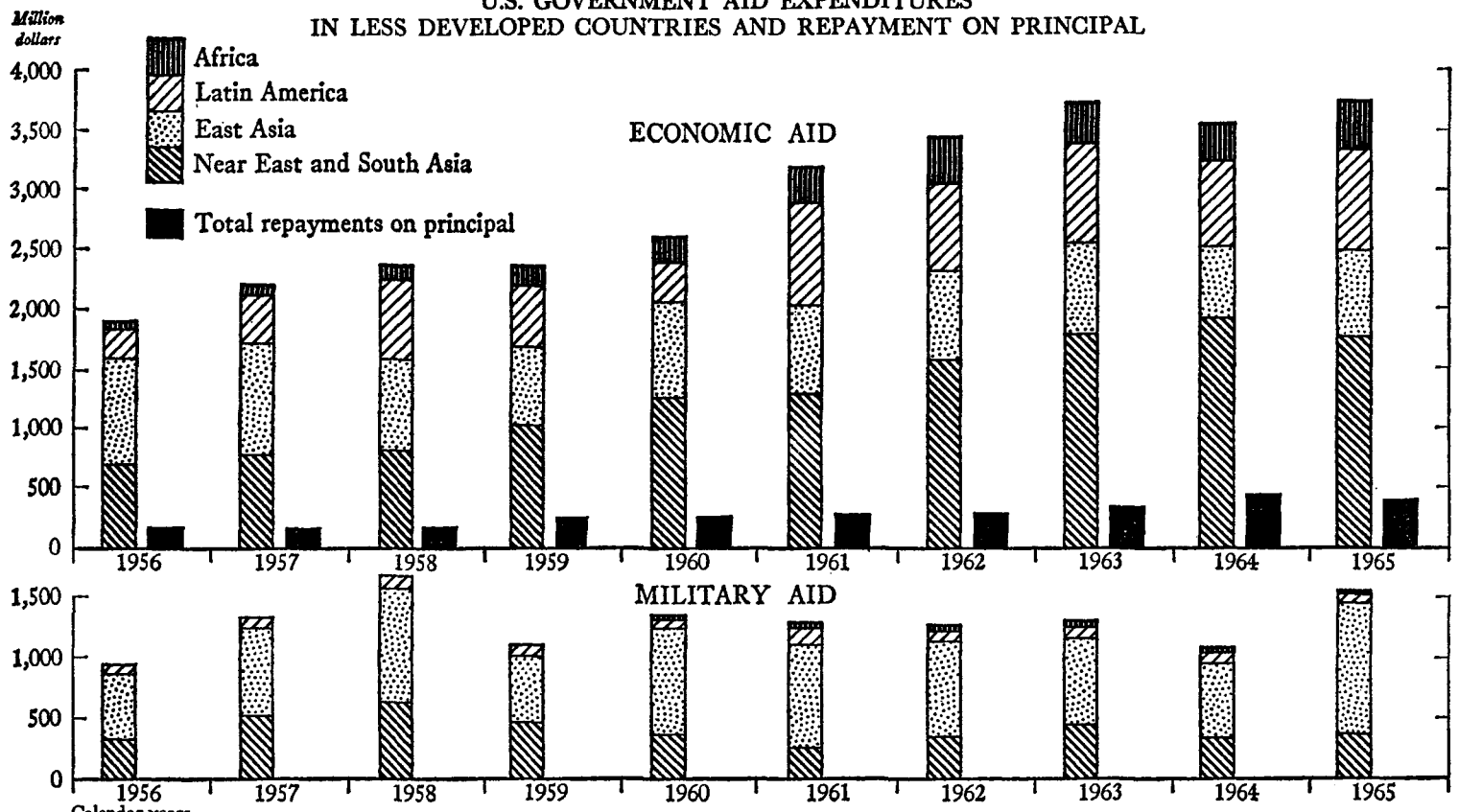
U.S. GOVERNMENT AID EXPENDITURES
IN LESS DEVELOPED COUNTRIES AND REPAYMENT ON PRINCIPAL



Source: U.S. Department of Commerce, Foreign Grants and Credits by the United States Government

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TABLE II

U.S. ASSISTANCE TO L.D.C.s—ANNUAL AVERAGES

(in billions of dollars)

	Commitments[a]	*Expenditures*[b]		
	Economic	*Economic* (*gross*)[c]	(*net*)[d]	*Military*
1956–60	2.5	2.3	2.1	1.3
1961–65	4.0	3.5	3.2	1.3
Decade	3.3	2.9	2.6	1.3

[a] Fiscal years; includes non-regional commitments.
[b] Calendar years; excludes non-regional expenditures.
[c] Gross aid, before repayment of principal.
[d] Net aid, after repayment of principal.

In Table IIIA the percentage distribution of economic assistance commitments is shown by broad regions. There were distinct changes between the first and second halves of the decade. Only the Near East and South Asia maintained about the same relative share. The East Asian share fell from 33 per-

TABLE IIIA

DISTRIBUTION OF U.S. ECONOMIC ASSISTANCE TO L.D.C.s

(commitments expressed in percentages)

	1956–60	*1961–65*	*1956–65*
Near East and South Asia	40.4	42.1	41.5
East Asia	32.7	14.5	21.4
Africa	4.9	10.6	8.5
Latin America	17.7	24.8	22.1
Non-regional and multilateral	4.2	8.0	6.5
Total—in billions of dollars	12.4	20.2	32.6

SOURCES

Table I. O.E.C.D., Development Assistance Committee, "Development Assistance Efforts and Policies, 1966 Review," Report by Willard L. Thorp, Chairman (Paris, 1966), p. 148.

Footnotes 1 and 3. Same, p. 30 and 160.

Tables II, IIIA, IIIB, IV, V and VIII. U.S. Agency for International Development, "U.S. Overseas Loans and Grants and Assistance from International Organizations: Obligations and Loan Authorizations, July 1, 1945—June 30, 1965" (1966), and the Agency's 1963 report covering the period July 1, 1945—June 30, 1962; U.S. Department of Commerce, *Foreign Grants and Credits by the United States Government,* December issues; U.S. National Advisory Council on International Monetary and Financial Problems, semiannual reports to the Congress and the President; U.S. Foreign Claims Settlement Commission, semiannual reports to the Congress. Population estimates from the U.N.

Table VI. U.S. Agency for International Development. Figures are for A.I.D. expenditures in all countries, including a few not here considered as L.D.C.s.

Table VII. U.S. Department of Commerce, *Survey of Current Business,* June 1966.

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cent of the total to 15 percent; it was the only region to experience a decline in the dollar value of commitments—from $4.1 billion to $2.9 billion—owing in large part to the decline in the aid programs for the Philippines and Taiwan. Africa's share increased 116 percent as five newly independent countries received aid for the first time in 1959 and another thirteen for the first time in 1961. Latin America's share rose 40 percent, and the share of non-regional commitments 90 percent. The broad pattern of commitments (above) is reflected in the data on expenditures shown in Tables IIIB and VIII. (Discrepancies are the result of differences in coverage, valuation and timing.)

TABLE IIIB

DISTRIBUTION OF U.S. ASSISTANCE TO L.D.C.s[a]

(expenditures in billions of dollars)

	Economic			*Military*	*Total*
	1956–60	*1961–65*	*1956–65*	*1956–65*	*1956–65*
Near East and South Asia	4.6	8.4	13.0	4.2	17.2
East Asia	4.1	3.6	7.7	7.8	15.5
Africa	0.5	1.7	2.2	0.2	2.4
Latin America	2.2	4.0	6.2	0.8	7.0
Total	11.5	17.7	29.2	13.0	42.2

[a] Gross aid, before repayment of principal; excluding expenditures by international agencies.

Between the first and second halves of the 1956–65 decade there was a definite shift in the sources of U.S. economic aid. As shown in Table IV, the Agency for International Development and its predecessors and the Export-Import Bank declined in relative importance, while P.L. 480 (Food for Peace) and others increased. The substantial rise in "other" commitments mainly reflects growing contributions to multilateral agencies.

TABLE IV

SOURCE OF U.S. ECONOMIC ASSISTANCE COMMITMENTS TO L.D.C.s

	1956–60		*1961–65*		*1956–65*	
	$ bill.	*%*	*$ bill.*	*%*	*$ bill.*	*%*
A.I.D.	7.2	58	9.7	48	16.9	52
Export-Import Bank	1.6	13	1.8	9	3.4	11
P.L. 480	3.0	24	6.3	31	9.2	28
Other	0.6	5	2.4	12	3.1	10
Total	12.4		20.2		32.6	

In Table V twenty countries are listed in order of the total amount of U.S. economic assistance received between 1956–65. These nations accounted for 80 percent of U.S. economic aid expenditures in L.D.C.s during the decade. The table shows both total and per capita expenditures for the ten years and for the entire post-World War II period. Figures in parentheses are rankings.

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TABLE V

U.S. ECONOMIC ASSISTANCE EXPENDITURES, BY MAJOR RECIPIENTS

	1956–65		1945–65	
	Total ($ mill.)	*Per capita[a] ($)*	*Total ($ mill.)*	*Per capita[a] ($)*
1. India	5,011	10.29 (19)	5,431 (1)	11.16 (19)
2. Pakistan	2,504	24.34 (13)	2,681 (3)	26.06 (17)
3. Korea	2,473	87.22 (6)	3,881 (2)	136.88 (7)
4. Viet Nam	2,085	129.31 (4)	2,335 (5)	144.82 (6)
5. Brazil	1,746	21.23 (16)	2,389 (4)	29.05 (15)
6. Turkey	1,417	45.14 (9)	1,848 (7)	58.87 (9)
7. Egypt	1,041	35.17 (10)	1,084 (10)	36.62 (11)
8. Taiwan	888	71.45 (7)	2,263 (6)	182.07 (5)
9. Chile	797	93.03 (5)	939 (12)	109.61 (8)
10. Israel	640	249.71 (1)	1,044 (11)	407.34 (1)
11. Colombia	571	31.60 (12)	640 (16)	35.42 (12)
12. Iran	568	24.24 (14)	792 (15)	33.81 (14)
13. Indonesia	547	5.23 (20)	805 (14)	7.70 (20)
14. Mexico	529	12.39 (17)	859 (13)	20.12 (18)
15. Argentina	511	22.86 (15)	611 (17)	27.34 (16)
16. Jordan	452	228.74 (2)	483 (18)	244.43 (2)
17. Morocco	435	32.65 (11)	471 (19)	35.35 (13)
18. Greece	424	49.58 (8)	1,760 (8)	205.82 (4)
19. Laos	396	198.00 (3)	435 (20)	217.50 (3)
20. Philippines	373	11.53 (18)	1,268 (9)	39.20 (10)

[a] Per capita data are based on estimated 1965 population.

There are striking differences between total aid expenditures in a country and assistance per capita. India is first in total but nineteenth in per capita aid among the first twenty recipients. Pakistan and Brazil rank high in total but low in per capita assistance. Conversely, Israel, Jordan and Laos are rather far down the list of total aid but rank first, second and third in aid per capita. Evidently countries with large populations tend to receive more aid, but not nearly in proportion to the number of their inhabitants.

There have also been a few significant changes in the ranking of countries. Compared to their positions over the entire period 1945–65, Chile, Colombia, Egypt and Iran in the last ten years have moved up in the ranking of total aid received, while Greece and the Philippines have gone down.

Over the ten-year period, 1956–65, the terms of U.S. economic assistance have become progressively harder. During the first quinquennium, 42 percent of bilateral economic aid commitments were loans; in the second, 60 percent. Grants accounted for 81 percent of economic aid expenditures in 1956, 64 percent in 1960 and 43 percent in 1965. The grant component of expenditures fell precipitously in the Near East and South Asia from 77 percent in 1956 to 53 percent in 1960 and 27 percent in 1965. Grants were a more stable proportion of expenditures in East Asia, constituting 91–95 percent in the first half of the decade and 83–85 percent in the second half. In Latin America the grant portion was lower throughout the period, and there was no marked trend;

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grants formed 26 percent of the total for the decade. For Africa, grants averaged 71 percent of economic assistance expenditures for the ten-year period. The proportion rose steadily from 54 percent in 1956 to 78 percent in 1963. In 1965 the proportion fell to the 1956 figure—54 percent.

During the first half of the period principal and interest on most U.S. economic assistance loans were repayable in local currency—except for Export-Import Bank loans which have always been repayable in dollars. In the second half of the decade service on A.I.D. loans became payable in dollars. Since 1962, commodities provided under P.L. 480 have increasingly had to be paid for in dollars and by 1971 the bulk of this kind of assistance will be on dollar terms.

Although average interest rates were lower and grace periods longer on A.I.D. loans made during the second half of the decade, the advantages of this from the point of view of most L.D.C.s were offset by the requirement to repay in dollars. Moreover, within the 1961–65 period interest rates have risen as a result of legislative action. For the softest A.I.D. loan (forty-year maturity) from 1961–63 a charge of 0.75 percent per year was made. In 1964 the rate rose to 1 percent during the ten-year grace period and 2 percent thereafter. In 1965 the rate subsequent to the grace period increased to 2.5 percent.

A.I.D. soft loans are made to L.D.C.s whose balance-of-payments positions do not warrant harder terms. To countries that are better able to service debt, A.I.D. tends to use twenty-year loans at 3.5 percent interest. The Export-Import Bank follows commercial interest rates more closely. Its loans for the last several years have averaged thirteen years maturity; interest has been 5.5 percent.

Although in 1965, of all the major DAC aid donors the United States was still giving the best overall loan terms, the gap had narrowed appreciably since 1962. While the weighted average interest rates on U.S. official bilateral loan commitments had risen from 2.5 percent to 3.3 percent, the rate for all DAC member countries was 3.6 in both years.[8]

A major change in policy came toward the middle of the decade when A.I.D. loans were tied to procurement in the United States. In the second half of the decade vigorous efforts were made to link other A.I.D. expenditures to purchases of U.S. goods and services. As Table VI shows, these policies have resulted in a decline of A.I.D. spending abroad from 60 percent to 20 percent of the total between 1961 and 1965. Naturally this has diminished the direct contribution of aid to deficits in the U.S. balance of payments, but it also has been regarded by recipients as a hardening of the conditions of U.S. aid and undoubtedly has reduced the amount of goods and services that recipients obtain per dollar of aid.

[8] Terms for DAC members as a whole became harder in 1965. The 1966 DAC review shows the following history of terms.

LOAN TERMS (*weighted averages*)		*1962*	*1963*	*1964*	*1965*
Maturity (in years):	DAC total	23.6	24.8	28.4	22.2
	United States	28.6	32.5	33.4	28.0
Interest (in percent):	DAC total	3.6	3.4	3.0	3.6
	United States	2.5	2.0	2.5	3.3

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TABLE VI

GROSS A.I.D. EXPENDITURES

Fiscal year	*Total ($ mill.)*	*Amounts spent abroad ($ mill.)*	*%*
1961	1,801	1,065	59
1962	1,849	983	53
1963	2,074	799	39
1964	2,022	515	25
1965	2,091	411	20
1966	2,202	503	23

Table VII compares U.S. bilateral economic aid expenditures with principal and interest payments by the L.D.C.s over the last three years of the decade. In Latin America, debt service in recent years has amounted to nearly half of gross U.S. aid expenditures. In other parts of the less developed world service payments have been rising, but still constitute a rather small proportion of gross aid. For the L.D.C.s as a whole, the cost of servicing U.S. loans averaged 19 percent of gross aid from U.S. sources.

TABLE VII

U.S. ECONOMIC ASSISTANCE EXPENDITURES AND DEBT SERVICE

Calendar year	Latin America			Asia and Africa		
	Gross expenditures	*Principal and interest payments*	*Principal and interest as % of expenditures*	*Gross expenditures*	*Principal and interest payments*	*Principal and interest as % of expenditures*
	($ millions)		*(%)*	*($ millions)*		*(%)*
1963	816	375	46	2,912	275	9
1964	729	405	56	2,840	355	13
1965	856	347	41	2,891	367	13
Total	2,401	1,127	47	8,643	997	12

Principal and interest in Table VII include payments in local currencies. For most countries these do not constitute as great a burden as dollar payments, but with the shift to loans repayable in dollars, and as the impact of higher interest rates begins to affect payments, the L.D.C.s will be faced with sharply rising dollar obligations. This will reduce the net outflow from the United States, but it necessarily will also reduce the effect of U.S. assistance. If gross loans to L.D.C.s were forthcoming at a constant amount each year on the average terms offered by A.I.D. and the Export-Import Bank in the early 1960s, in five years repayments of principal and interest would amount to about 15 percent of new gross loans, in ten years to about 35 percent and in fifteen years to 60 percent. It is virtually inevitable, therefore, that the United States and other donors will soon be forced to consider the consequences of the mounting burden of the L.D.C.s' debt service.

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TABLE VIII

U.S. Economic and Military Aid Expenditures in Less Developed Countries, Calendar Years 1956–1965

(in millions of dollars or dollar equivalents)

	1956	*1957*	*1958*	*1959*	*1960*	*1961*	*1962*	*1963*	*1964*	*1965*	*Total 1956–65*
Economic											
Loans	306	497	802	777	773	1,449	1,657	1,844	1,919	2,120	12,144
Grants	1,270	1,276	1,344	1,339	1,399	1,601	1,635	1,648	1,647	1,571	14,730
	1,576	1,773	2,146	2,116	2,172	3,050	3,292	3,492	3,566	3,691	26,874
Net accumulation of foreign currency claims	328	426	230	256	453	160	165	236	3	56	2,313
Total, economic	1,904	2,199	2,376	2,372	2,625	3,210	3,457	3,728	3,569	3,747	29,187
Repayment of principal	162	186	189	242	253	285	303	384	469	404	2,877
Economic, net	1,742	2,013	2,187	2,130	2,372	2,925	3,154	3,344	3,100	3,344	26,311
Military[a]	960	1,329	1,697	1,099	1,378	1,294	1,263	1,302	1,078	1,568	12,968
Total (bilateral), gross	2,864	3,528	4,073	3,471	4,003	4,504	4,720	5,030	4,647	5,315	42,155
net	2,702	3,342	3,884	3,229	3,750	4,219	4,417	4,646	4,178	4,911	39,278
Multilateral and non-regional[b]	96	84	75	88	172	183	340	291	292	503	2,124

[a] Including transfers of excess stocks.
[b] Commitments of U.S. funds in grant form.

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NOTES TO TABLE VIII

N.B. The data on expenditures are taken, for the most part, from annual volumes and hence are not revised figures.

ECONOMIC AID: Programs of the Agency for International Development and its predecessor agencies, the Social Progress Trust Fund, Peace Corps, and "other" programs; Export-Import Bank long-term loans (including credits extended to refinance principal payments, excluding advances by others whether or not guaranteed by the Bank); Food for Peace (P.L. 480) programs—grants and loans, including donations through private welfare agencies and also including some portion of grants of local currency for common defense (Sec. 104c) which, when transferred as cash grants, are considered as economic aid. Economic aid here excludes payment on war damage claims to the Philippines and operations of the U.S. Exchange Stabilization Fund.

Loans are disbursements of new credits. *Grants* are net grants. *Net accumulation of foreign currency claims* is the total of the local currencies acquired through sales of agricultural products, less the amounts used for grants and credits to the L.D.C.s and for U.S. purposes. *Repayment of principal* includes repayment in both dollars and local currencies on dollar and local currency loans. It excludes repayment of lend-lease silver by India and Pakistan.

MILITARY AID. Primarily grants under the Military Assistance Program, but also including small amounts of other military aid. Excess stocks of military equipment (included at their acquisition value) are not charged to MAP funds. Military aid includes the portion of local currency funds acquired through P.L. 480 Title I sales, allocated to Sec. 104c uses (common defense) and used by the United States for purchases of military supplies and services. Military aid excludes credits provided to finance the sale of military supplies and services; these credits are included under economic loans. It also excludes defense support/supporting assistance, which is regarded as economic aid extended for the purpose of meeting political and security objectives.

MULTILATERAL AND NON-REGIONAL AID: Grants and subscriptions to the United Nations and related agencies, to the Inter-American Development Bank, the International Development Association, and the International Finance Corporation, and to non-regional economic programs.

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RECENT BOOKS ON INTERNATIONAL RELATIONS

By Henry L. Roberts

with the assistance of John G. Stoessinger, United States; William Diebold, Jr., Economics; Howard Linton, Asia; John C. Campbell, Middle East, North Africa; Joseph A. Ellis, Latin America; Frank Wolf, Africa.

General: Political and Legal

THE SUMMIT CONFERENCES, 1919–1960. By Keith Eubank. Norman: University of Oklahoma Press, 1966, 225 p. $5.95.

The author sketches vignettes of seven diplomatic "summits" and concludes—not surprisingly—that "the formal summit conference could serve as the occasion for the signing of a final agreement, not the negotiation which should have been pursued by the professionals."

APPROACHES TO COMPARATIVE AND INTERNATIONAL POLITICS. Edited by R. Barry Farrell. Evanston: Northwestern University Press, 1966, 368 p. $9.95 (Paper, $3.95).

A collection of papers dealing with a wide variety of topics—theories of foreign policy, the politics of developing nations, types of political societies and areas providing "research challenges."

THE HARD AND BITTER PEACE. By G. F. Hudson. New York: Praeger, 1967, 319 p. $6.95.

A fairly superficial *tour d'horizon* of world politics since 1945 by a British scholar.

NATO AND THE RANGE OF AMERICAN CHOICE. By William T. R. Fox and Annette B. Fox. New York: Columbia University Press, 1967, 352 p. $7.95.

As the title suggests, this very substantial study deals with the way the United States participates in NATO. Emphasis is upon the policy process rather than an appraisal of the policies themselves.

THE FUNCTIONS OF INTERNATIONAL LAW. By William D. Coplin. Chicago: Rand McNally, 1966, 294 p. $3.50 (Paper).

A study that undertakes both to be an introduction to international law and to provide a theoretical framework for its analysis. Contains a useful annex of important conventions and charters.

BETWEEN TWO WORLDS: POLICY, PRESS, AND PUBLIC OPINION IN ASIAN-AMERICAN RELATIONS. By John Hohenberg. New York: Praeger (for the Council on Foreign Relations), 1967, 507 p. $8.95.

This is a scholarly book about journalists and the role they play in the making of foreign policy. The author, drawing on his experience of 25 years as a newspaperman and a recent journey through seven Asian countries, explores the impact of foreign correspondence on foreign policy in American-Asian relations. The treatment of Viet Nam is particularly timely and full of insight.

NOTE—By special arrangement with World Affairs Book Center, readers of Foreign Affairs may obtain, *post free*, any book published in the United States (except paperbacks) at the publisher's regular list price. Send orders, with check or money order, to Desk FA, World Affairs Book Center, 345 East 46 Street, New York, N.Y., 10017.

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FOREIGN POLICY IN CHRISTIAN PERSPECTIVE. By John Coleman Bennett. New York: Scribner, 1966, 160 p. $3.50 (Paper, $1.25).

A thoughtful, somewhat Niebuhrian exploration of major world problems. The author argues the relevance of Christian ethics to foreign policy and urges Christians to take part in guiding the decisions of policy-makers.

FACING THE BRINK: AN INTIMATE STUDY OF CRISIS DIPLOMACY. By Edward Weintal and Charles Bartlett. New York: Scribner, 1967, 248 p. $5.95.

Two journalists discuss five international crises since World War II and the handling of them by the responsible persons in Washington.

DIPLOMATIE DER VERSÖHNUNG: DIE VEREINTEN NATIONEN UND DIE WAHRUNG DES WELTFRIEDENS. By Hilmar Werner Schlüter. Stuttgart: Seewald, 1966, 440 p. DM. 29.80.

A good description of the United Nations system by a German scholar.

THE EVOLUTION OF INTERNATIONAL ORGANIZATIONS. Edited by Evan Luard. New York: Praeger, 1966, 342 p. $9.00.

An uneven symposium by the editor and ten collaborators, including a fine essay on the Security Council by Inis L. Claude, Jr.

FOREIGN POLICY AND DEMOCRATIC POLITICS: THE AMERICAN AND BRITISH EXPERIENCE. By Kenneth N. Waltz. Boston: Little, Brown, 1967, 331 p. $7.50.

On the basis of a thoughtful comparative analysis, the author concludes that "in matters of foreign policy (and of domestic policy as well) the American Presidential system is superior to British Parliamentary government." A startling thesis persuasively argued.

POLITICAL PARTIES AND POLITICAL DEVELOPMENT. Edited by Joseph LaPalombara and Myron Weiner. Princeton: Princeton University Press, 1966, 487 p. $8.50.

An international conference resulted in these papers on political parties, their role, development and effectiveness in various societies throughout the world.

POLITICAL HANDBOOK AND ATLAS OF THE WORLD: PARLIAMENTS, PARTIES AND PRESS AS OF JANUARY 1, 1967. Edited by Walter H. Mallory. New York: Harper and Row (for the Council on Foreign Relations), 1967, 366 p. $8.50.

Brought up to date as of January 1, 1967, this standard annual reference work gives the composition of governments; sums up party programs and lists their leaders; lists newspapers, indicating their political affiliations and editors; and includes facts on the United Nations and associated international agencies. Includes a 32-page supplement of political maps.

General: Military, Technical and Scientific

SCIENTISTS AND WAR. By Sir Solly Zuckerman. New York: Harper and Row, 1967, 177 p. $4.95.

The Chief Scientific Adviser to the British Government here provides a series of essays dealing with the two major themes of the impact of science on military affairs and the role of science in society.

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SCIENCE, TECHNOLOGY, AND AMERICAN FOREIGN POLICY. By Eugene B. Skolnikoff. Cambridge: M.I.T. Press, 1967, 330 p. $8.95.

The author, who served for five years on the White House staff to assist the President's Science Advisory Committee, presents his reflections and conclusions arising from his view that "the role of science in foreign affairs was both more significant and more subtle than was generally appreciated at the time either among scientists or among those in the foreign affairs community."

THE BREAKING WAVE: THE SECOND WORLD WAR IN THE SUMMER OF 1940. By Telford Taylor. New York: Simon and Schuster, 1967, 378 p. $10.00.

An absorbing study of the German-British conflict in the critical summer of 1940, with particular emphasis on the German side of the story of the Battle of Britain "which was executed but never planned" and Operation Sea Lion, "which was planned . . . but never executed."

THE MILITARY ATTACHÉ. By Alfred Vagts. Princeton: Princeton University Press, 1967, 408 p. $10.00.

Both a historical outline of the development of the service attaché and a discussion of his function and field of activities.

THE POLARIS MISSILE STRIKE: A GENERAL ECONOMIC SYSTEMS ANALYSIS. By Robert E. Kuenne. Columbus: Ohio State University Press, 1967, 434 p. $8.00.

A study, quite technical in parts, of the Polaris deterrence system.

SINO-SOVIET RELATIONS AND ARMS CONTROL. Edited by Morton H. Halperin. Cambridge: M.I.T. Press, 1967, 342 p. $10.00.

A collection of papers designed to "elucidate the impact of the Sino-Soviet dispute on prospects for arms control and disarmament." Prepared under the auspices of the Center for International Affairs and the East Asian Research Center, Harvard University.

General: Economic and Social

POLITISCHE ÖKONOMIE: GESCHICHTE DER WIRTSCHAFTSPOLITISCHEN IDEEN VON PLATON BIS ZUR GEGENWART. By Edgar Salin. Tübingen: Mohr; Zurich: Polygraphischer Verlag, 1967, 205 p. DM. 16.

In the fifth edition of a book that first appeared in 1923, the gifted Swiss economist and sociologist carries very much down to date his analytical history of economic thought, understood in its broadest sense, in relation to society and politics.

ATLANTIC ECONOMIC COOPERATION: THE CASE OF THE OECD. By Henry G. Aubrey. New York: Praeger (for the Council on Foreign Relations), 1967, 214 p. $6.00.

This first full-length study of the O.E.C.D. shows how the organization works and the ways in which it influences—or might influence—national policies on a number of quite different kinds of issues.

TRADE LIBERALIZATION AMONG INDUSTRIAL COUNTRIES: OBJECTIVES AND ALTERNATIVES. By Bela Balassa. New York: McGraw-Hill (for the Council on Foreign Relations), 1967, 251 p. $7.95.

This book includes an extensive statistical investigation of the consequences of liberalizing trade in manufactured goods among industrialized countries. On the

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basis of the results—and of more general political and economic considerations—Professor Balassa, who is now with the World Bank, evaluates alternative trade policies for the United States.

THE ALLIANCE OF NECESSITY: BRITAIN'S CRISIS, THE NEW EUROPE AND AMERICAN INTERESTS. By Lionel Gelber. New York: Stein and Day, 1966, 192 p. $5.95.

The Canadian author fears that membership in the Common Market would mean the Europeanization of Britain and the stilling of its independent voice in the world. He would prefer Britain where it has always been, partly in and partly out of Europe.

THE COMMON MARKET AND COMMON LAW. By John Temple Lang. Chicago: University of Chicago Press, 1966, 573 p. $12.50.

In perhaps no other book about the Common Market do Irish problems loom as large as in this broad study of legal and economic issues involved in British and Irish membership.

EWG UND DIE FOLGEN. Edited by Felix Butschek. Vienna: Molden, 1966, 413 p. Schillings 246.

This thorough analysis of the probable impact on the Austrian economy of membership in the Common Market leads to the conclusion that, although there are important problems of adjustment, no radical reorganization of the Austrian economy will be necessary.

WE GIVE TO CONQUER. By Asher Brynes. New York: Norton, 1966, 219 p. $4.50.

"All unilateral foreign aid to poorer nations . . . seeks to create, maintain, and defend spheres of influence and thus under the guise of philanthropy it carries on the old statecraft in a new way." In the author's view the United States carries this game entirely too far, deludes itself about its ability to improve conditions in the underdeveloped world and in fact contributes to trouble there. Multilateral aid escapes these risks but should never be given to a country that is breaking the peace.

INTERNATIONAL AID: A SUMMARY, WITH SPECIAL REFERENCE TO THE PROGRAMMES OF THE UNITED NATIONS. By Hugh L. Keenleyside. New York: James H. Heineman, 1966, 343 p. $6.50.

The former Director General of Technical Assistance at the United Nations, now back in his native Canada, combines a comprehensive and clear summary of what aid is and how it has been given, with some straightforward advice about carrying out the unfinished business.

THE INTERNATIONAL TRANSFER OF CORPORATE SKILLS: MANAGEMENT CONTRACTS IN LESS DEVELOPED COUNTRIES. By Peter P. Gabriel. Boston: Harvard University, Division of Research, Graduate School of Business Administration, 1967, 230 p. $5.00.

A favorable view of management contracts as an alternative to direct investment as a means for getting know-how and technology into less developed countries.

IN THE RED: THE STRUGGLE FOR STERLING, 1964–1966. By Henry Brandon. Boston: Houghton, 1967, 114 p. $4.00.

How the Labor Government dealt with the sterling crisis with the help of the United States and continental Europe. An interesting, slightly gossipy account that stresses external pressure and internal politics and hedges about the future.

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THE ECONOMICS OF POVERTY. By Thomas Balogh. New York: Macmillan, 1967, 381 p. $7.95.

As a professor, the Prime Minister's adviser has been for years a hard-hitting and controversial essayist. Here are twenty papers dealing with poverty and wealth, mostly in an international setting.

INTERNATIONAL UNIONISM: A STUDY IN CANADIAN-AMERICAN RELATIONS. By John Crispo. Toronto: McGraw-Hill Company of Canada, 1967, 327 p. $8.60.

In all the pages of discussion of the American economic impact on Canada, little is said about the fact that 70 percent of the organized workers in Canada belong to international unions, in most of which Americans have a large voice. This careful study weighs the pros and cons of this situation from various Canadian points of view. An interesting and pioneering study.

ESSAYS IN ECONOMICS: THEORIES AND THEORIZING. By Wassily Leontief. New York: Oxford University Press, 1966, 252 p. $6.00 (Paper, $2.50).

Often quite theoretical, this book by the creator of input-output analysis has several pieces of broad interest, notably those on Marxian and Soviet economics.

The United States

THE ARROGANCE OF POWER. By J. William Fulbright. New York: Random House, 1967, 264 p. $4.95.

This book is the outgrowth of the three Christian A. Herter Lectures the Senator delivered at the Johns Hopkins School of Advanced International Studies in 1966. It is a passionate indictment of interventionist America, especially in Asia and Latin America. The Senator's prescription, often cogently argued and elegantly presented, is to cut back our involvements abroad. Much is made in this book of the dangers that power brings; perhaps not enough is said of its anguish.

SENATOR FULBRIGHT: PORTRAIT OF A PUBLIC PHILOSOPHER. By Tristram Coffin. New York: Dutton, 1966, 378 p. $6.95.

An adoring biography totally lacking in analytical depth. Fulbright is described as "a modern Prometheus" who "defies the gods and myths of modern society to save man from the horror of atomic doom." The Senator deserves more substance and less saccharine.

THE MAKING OF UNITED STATES FOREIGN POLICY. By Burton M. Sapin. Washington: Brookings Institution, 1966, 415 p. $7.50.

A balanced and sophisticated assessment of the foreign policy machinery of the United States. The author argues that the overall orchestration of the decision-making process during the past twenty years has, on the whole, been successful.

TEACH-INS: U.S.A. Edited by Louis Menashe and Ronald Radosh. New York: Praeger, 1967, 349 p. $6.95.

A balanced compilation of Viet Nam teach-ins representing all the shadings of the political spectrum.

AMERICAN STRATEGY: A NEW PERSPECTIVE. By Urs Schwarz. Garden City: Doubleday, 1966, 178 p. $4.50.

A remarkably lucid and objective survey of American strategic thought, with emphasis on the atomic era, by the former foreign editor of the *Neue Zürcher Zeitung*. (German edition, "Strategie Gestern, Heute, Morgen," Düsseldorf: Econ-Verlag, 1965, 291 p. DM. 19.80.)

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DAS AMERIKANISCHE SICHERHEITSSYSTEM 1945–1949: STUDIE ZUR AUSSENPOLITIK DER BÜRGERLICHEN GESELLSCHAFT. By Ernst-Otto Czempiel. Berlin: De Gruyter, 1966, 442 p. DM. 64.

A carefully researched, though ponderously written, survey of the United States' role in world affairs from World War II to the birth of NATO. The book is intended as the first in a series of volumes dealing with international politics and foreign policy problems, under the general editorship of Professors Richard Löwenthal and Gilbert Ziebura of the Free University, Berlin.

UNITED STATES POLICY AND THE THIRD WORLD: PROBLEMS AND ANALYSIS. By Charles Wolf, Jr. Boston: Little, Brown, 1967, 204 p. $5.75 (Paper, $2.75).

This book is an outgrowth of several RAND research studies and memoranda in which the author purports to test the "value" of the "third world" to the United States, largely through the technique of "systems analysis."

ISOLATIONISM IN AMERICA, 1935–1941. By Manfred Jonas. Ithaca: Cornell University Press, 1966, 315 p. $7.50.

The bulk of this book consists of a first-rate analysis of the isolationism of the thirties as a political phenomenon. Isolationism survives today, the author argues in his concluding chapter, merely as "an old nostalgia." Temperamentally, the "new unilateralism" of Mr. Goldwater resembles it the most, but "as a positive, defensible policy it is dead." Convincing case.

FOREIGN AID IN INTERNATIONAL POLITICS. By John D. Montgomery. Englewood Cliffs: Prentice-Hall, 1967, 118 p. $4.50 (Paper, $1.95).

This is a thoughtful essay in interpretation, devoted largely to American aid programs, though some space is given to European, communist and multilateral efforts. The author's conclusions about the future success of American aid programs are cautiously optimistic.

THE DEATH OF A PRESIDENT: NOVEMBER 20–NOVEMBER 25, 1963. By William Manchester. New York: Harper and Row, 1967, 710 p. $10.00.

In his eagerness to record every detail of those terrible days, the author presents a staggering mass of data. The result is a monumental piece of research which leaves it entirely to the reader, however, to separate the important from the trivial and the relevant from the irrelevant. The main offstage character in the tragedy, emerging cruelly again and again between the lines, is Tyche, the goddess of chance.

CALVIN COOLIDGE: THE QUIET PRESIDENT. By Donald R. McCoy. New York: Macmillan, 1967, 472 p. $8.95.

This may well be the definitive biography of the "quiet President." The author's scholarship is impeccable, the style smooth, the central conclusion not surprising: "Coolidge's failure was the failure of a President who does not look ahead and does not fight to head off the problems of the future."

THOMAS WOODROW WILSON: A PSYCHOLOGICAL STUDY. By Sigmund Freud and William C. Bullitt. Boston: Houghton, 1967, 307 p. $6.00.

The central theme of this suggestive though frustrating and sketchy book is Wilson's need both to emulate and destroy his "incomparable father." One misses both Freud's customary methodological rigor and any sign of Bullitt's occasional sophistication as political commentator.

AMERICAN AMBASSADOR. By Waldo H. Heinrichs, Jr. Boston: Little, Brown, 1967, 460 p. $10.50.

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A first-rate account of the forty-year career of Joseph C. Grew in the American diplomatic service. The author contends that Grew played an important role in the establishment of American diplomacy on a professional career basis. Conscientiously researched and well written.

AMBITION AND POLITICS: POLITICAL CAREERS IN THE UNITED STATES. By Joseph A. Schlesinger. Chicago: Rand McNally, 1966, 226 p. $6.00.

A highly technical, behaviorally oriented analysis of the careers of major party candidates for governor and senator in 48 states. Replete with graphs, charts and statistics, but reaching fairly commonplace conclusions.

THE POWER OF THE PURSE. By Richard F. Fenno, Jr. Boston: Little, Brown, 1966, 704 p. $8.75.

The definitive study of appropriations politics in Congress. Its excellence is somewhat marred by the prolixity of the author's style.

The Western Hemisphere

POLITICS AND ECONOMIC CHANGE IN LATIN AMERICA: THE GOVERNING OF RESTLESS NATIONS. By Charles W. Anderson. Princeton: Van Nostrand, 1967, 388 p. $8.75.

A study of the "potential, performance, and role of government as an instrument of economic change in Latin America." The author believes that "pragmatic" and "prudent" reforms, under state aegis, rather than violent revolution, give the best promise for Latin America's economic and social development.

LATIN AMERICAN HISTORY: ESSAYS ON ITS STUDY AND TEACHING, 1898–1965. Compiled and Edited by Howard F. Cline. Austin: University of Texas Press (for the Conference on Latin American History), 1967, 2 v. $25.00.

This initial publication of the recently formed Conference on Latin American History is part of a broad project devoted to the improvement of research and teaching of Latin American history in the United States. In this two-volume chronological anthology, changing North American attitudes toward the broad field of Latin American history are analyzed. Supplemental historiographical material makes this work indispensable for the specialist in Latin American studies.

ELITES IN LATIN AMERICA. Edited by Seymour Martin Lipset and Aldo Solari. New York: Oxford University Press, 1967, 531 p. $9.50 (Paper, $2.95).

Fifteen perceptive essays by respected North American and Latin American social scientists examining the varied nature of élite groups in Latin America and their role in decision-making processes. Emphasis is also given to the role education has played in affecting these élites. A valuable aid.

THE CARIBBEAN: CURRENT UNITED STATES RELATIONS. Edited by A. Curtis Wilgus. Gainesville: University of Florida Press, 1966, 243 p. $7.50.

Papers on varied topics drawn from the University of Florida's Sixteenth Annual Conference on the Caribbean, held in December 1965.

CASTRO'S CUBA, CUBA'S FIDEL. By Lee Lockwood. New York: Macmillan, 1967, 288 p. $9.95.

A fascinating journalistic report and pictorial study of contemporary Cuba, drawn largely from a trip made during 1965. The book depicts the human side of the Cuban revolution, and includes lengthy and informative interviews with Fidel Castro.

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THE DOMINICAN REPUBLIC CRISIS 1965. By A. J. Thomas, Jr. and Ann Van Wynen Thomas. Dobbs Ferry: Oceana Publications (for the Association of the Bar of the City of New York), 1967, 164 p. $6.00.

This background paper and the resulting panel discussion examine international legal implications of the Dominican crisis. Of particular interest is the dialogue between two Columbia University law professors—Adolf A. Berle, who defends U.S. intervention, and Wolfgang Friedmann, who denies its justification.

GROWTH AND INTEGRATION IN CENTRAL AMERICA. By Carlos M. Castillo. New York: Praeger, 1966, 188 p. $15.00.

A carefully phrased monograph by the present Executive Secretary of the General Treaty on Economic Integration in Central America, observing that there is "not as yet any real interdependence among the Central American economies and their behavior is only starting to adjust to the newly acquired dimensions."

THE GUATEMALA TRAVELER: A CONCISE HISTORY AND GUIDE. By Selden Rodman. New York: Meredith Press, 1967, 127 p. $5.95.

An all-purpose introduction to the Guatemalan past and present, designed for both student and traveler, and marked with perceptive, if abbreviated, comments on recent Guatemalan political developments.

THE WEST ON TRIAL: MY FIGHT FOR GUYANA'S FREEDOM. By Cheddi Jagan. London: Michael Joseph, 1966, 471 p. 63/. (New York: International Publishers, 1967, $10.00).

Vitriolic but fascinating personal reflections by Guyana's Marxian stalwart form the core of this political autobiography. Jagan blames his inability to achieve power in this newly independent nation on the machinations of big business, Britain and the United States.

POUVOIR ET SOCIÉTÉ DANS LE PÉROU CONTEMPORAIN. By François Bourricaud. Paris: Colin, 1967, 317 p. Fr. 40.

This detailed study of contemporary Peruvian society concludes that the traditional coastal oligarchy can no longer contain the rising aspirations and revolutionary attitudes of the masses.

THE BOLIVIAN ECONOMY, 1952–65: THE REVOLUTION AND ITS AFTERMATH. By Cornelius H. Zondag. New York: Praeger, 1966, 262 p. $13.00.

A former A.I.D. official in Bolivia examines the social, economic and political impact of the Bolivian revolution. The overall tone is guardedly optimistic.

EL FEUDALISMO EN AMERICA Y LA REFORMA AGRARIA BOLIVIANA. By Arturo Urquidi. Cochabamba: Los Amigos del Libro, 1966, 411 p.

A sociologist and former rector of the University of Cochabamba gives a historical view of the "feudalistic" base from which land reform emerged in post-revolutionary Bolivia. One of the authors of the agrarian reform law of 1953, the writer broadly surveys its subsequent impact upon the Bolivian nation.

MITO Y REALIDAD DE LA INDUSTRIALIZACIÓN BOLIVIANA. By Amado Canelas O. Cochabamba: Los Amigos del Libro, 1966, 478 p.

A former advocate of Castroism in Bolivia now finds it inapplicable. Bolivia's future is to be found in applying the principles underlying the revolution of 1952. The country's industrialization can and must be based upon a mixture of governmental and national capitalistic structures.

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THE ARGENTINE ECONOMY. By Aldo Ferrer. Berkeley: University of California Press, 1967, 239 p. $6.00.

An Argentinian economist examines the country's present stagnation from a historical perspective, which shows, in his belief, that contemporary economic difficulties reflect inadequate solutions to problems of an agricultural society in transition to an industrial one.

Western Europe

THE EUROCRATS: CONFLICT AND CRISIS IN THE EUROPEAN COMMUNITY. By Altiero Spinelli. Baltimore: Johns Hopkins Press, 1967, 229 p. $5.95.

A description of the centers of united European action, how they are connected, and how they have fared thus far. The Italian author has long been active in the European Federalist Movement.

FRANCE, GERMANY AND THE WESTERN ALLIANCE: A STUDY OF ELITE ATTITUDES ON EUROPEAN INTEGRATION AND WORLD POLITICS. By Karl W. Deutsch and Others. New York: Scribner, 1967, 324 p. $6.95.

A report on the findings of a group of social scientists on the attitudes of French and West German "élites" about such major issues as European integration and arms control. The attitudes are treated both by nation and comparatively.

BRITAIN AND THE OLD DOMINIONS. By J. D. B. Miller. Baltimore: Johns Hopkins Press, 1967, 286 p. $6.50.

A study, by an Australian scholar, of Britain's recent relations with Canada, Australia, New Zealand and South Africa.

THE MILITARY INTELLECTUALS IN BRITAIN: 1918–1939. By Robin Higham. New Brunswick: Rutgers University Press, 1966, 267 p. $7.50.

A study of the ideas and work of such men as Sir Herbert Richmond, J. F. C. Fuller and B. H. Liddell Hart.

THE IRISH ANSWER. By Tony Gray. Boston: Little, Brown, 1966, 429 p. $6.95.

Following a brief historical introduction, the author presents an interesting and informative account of contemporary Ireland—its economy, the disputed matter of public opinion and censorship, and the domestic affairs of the nation.

LA FRANCE DEVANT L'EUROPE: LA POLITIQUE EUROPÉENNE DE LA IVe RÉPUBLIQUE. By Erling Bjøl. Copenhagen: Munksgaard, 1966, 456 p. Danish Kr. 55.

A study by a Danish scholar of French policy in respect to questions of European coöperation, chiefly between 1950 and 1957.

DE GAULLE: A POLITICAL BIOGRAPHY. By Alexander Werth. New York: Simon and Schuster, 1966, 416 p. $7.50.

A workmanlike and generally favorable biography of de Gaulle, whom the author sees as essentially a perennial rebel.

CONTEMPORARY FRENCH POLITICAL THOUGHT. By Roy Pierce. New York: Oxford University Press, 1966, 276 p. $5.75.

An exceptionally able critical exposition of the political thought of Emmanuel Mounier, Simone Weil, Albert Camus, Jean-Paul Sartre, Bertrand de Jouvenel and Raymond Aron.

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THE SCANDINAVIANS. By Donald S. Connery. New York: Simon and Schuster, 1966, 590 p. $7.95.

A readable and informative survey of contemporary Denmark, Norway, Sweden, Finland and Iceland. An informal work based largely on personal observations.

WOHIN TREIBT DIE BUNDESREPUBLIK? TATSACHEN, GEFAHREN, CHANCEN. By Karl Jaspers. Munich: Piper, 1966, 280 p. DM. 9.80.

Pieces by the eminent philosopher dealing, often very critically, with various aspects of the Federal Republic.

THE GERMAN ARMY AND THE NAZI PARTY, 1933–1939. By Robert J. O'Neill. London: Cassell, 1966, 286 p. 63/.

An able and interesting study of the way in which Hitler, once in power, managed to achieve ascendancy over the leaders of the German Army.

FOREIGN LABOR IN NAZI GERMANY. By Edward L. Homze. Princeton: Princeton University Press, 1967, 350 p. $8.50.

A study based largely on captured German records and reports, and dealing with the organization and administration of the Nazi foreign labor program and its relationship to the war economy.

DIE BALKANISIERUNG ÖSTERREICHS: FOLGEN EINER GROSSEN KOALITION. By Alexander Vodopivec. Vienna: Molden, 1966, 406 p. Schillings 170.

Under this provocative title the author discusses the rather confused and uncertain quality of Austrian life and politics which suffer from a number of centrifugal tendencies.

CATHOLIC ACTION IN ITALY: THE SOCIOLOGY OF A SPONSORED ORGANIZATION. By Gianfranco Poggi. Stanford: Stanford University Press, 1967, 280 p. $8.00.

A study of the lay organization, *Azione Cattolica Italiana*, its relationship to the Catholic Church and to the society as a whole, dealing chiefly with the period 1944–58.

ANTONIO GRAMSCI AND THE ORIGINS OF ITALIAN COMMUNISM. By John M. Cammett. Stanford: Stanford University Press, 1967, 306 p. $8.50.

An excellent study of the life of one of the more remarkable and original communist leaders.

INVENTARIO DELL'ECONOMIA ITALIANA. By Libero Lenti. Milan: Garzanti, 1966, 279 p. L. 2300.

Thirty-nine short essays by a liberal professor and journalist on many phases of the Italian economy.

POLITICS AND THE MILITARY IN MODERN SPAIN. By Stanley G. Payne. Stanford: Stanford University Press, 1967, 574 p. $12.50.

A welcome scholarly study of the role played by the military as a political influence in Spain from the beginning of the nineteenth century to the present.

Eastern Europe and the Soviet Union

RUSSIA 1917: THE FEBRUARY REVOLUTION. By George Katkov. New York: Harper and Row, 1967, 489 p. $8.50.

A major study of the immediate causes and the course of the 1917 February Revo-

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lution in Russia. The author, a fellow at St. Antony's College, Oxford, demolishes countless current assumptions about the "democratic and bloodless" nature of the February Revolution, adds substantially to our knowledge of the German and German-supported Bolshevik influence on political developments in Russia and provides considerable detail on how the fabrication of rumors contributed to the downfall of the Tsarist régime. Of particular value is the annotated bibliography.

RUSSIA, BOLSHEVISM, AND THE VERSAILLES PEACE. By John M. Thompson. Princeton: Princeton University Press, 1967, 429 p. $11.50.

A first-rate and much needed account of the Russian question—or "specter" as the author puts it—at the Paris Peace Conference of 1919.

SOVIET POLICY-MAKING: STUDIES OF COMMUNISM IN TRANSITION. Edited by Peter H. Juviler and Henry W. Morton. New York: Praeger, 1967, 274 p. $6.50.

A symposium dealing with influences on the Soviet political process. Not a systematic survey, but containing some interesting chapters.

THE KREMLIN'S HUMAN DILEMMA: RUSSIA AFTER HALF A CENTURY OF REVOLUTION. By Maurice Hindus. Garden City: Doubleday, 1967, 395 p. $5.95.

A quite revealing report, by an old Russia hand, based on journeys in 1962, 1963 and 1965. He surveys developments in town and country and also discusses the implications of Khrushchev's fall and the prospects for the future.

KHRUSHCHEV AND THE SOVIET LEADERSHIP: 1957–1964. By Carl A. Linden. Baltimore: Johns Hopkins Press (in coöperation with the Institute for Sino-Soviet Studies, George Washington University), 1966, 270 p. $7.50 (Paper, $2.45).

A valuable analysis of the nature of Khrushchev's leadership, his victory in 1957 and his abrupt fall in 1964.

THE KREMLIN AND THE EMBASSY. By Sir William Hayter. New York: Macmillan, 1967, 160 p. $4.95.

Informal and rather slight diplomatic memoirs by the British Ambassador to Moscow, 1953–57.

SOVIET MONGOLIA: A STUDY OF THE OLDEST POLITICAL SATELLITE. By George G. S. Murphy. Berkeley: University of California Press, 1966, 224 p. $5.95.

An analysis of the relationship between Outer Mongolia and the Soviet Union between 1921 and 1960.

SINO-SOVIET RELATIONS, 1964–1965. Analyzed and Documented by William E. Griffith. Cambridge: M.I.T. Press, 1967, 504 p. $3.95 (Paper).

A documentary history, a sequel to the author's "The Sino-Soviet Rift" (1964).

ECONOMIC INTEGRATION IN THE SOVIET BLOC: WITH AN EAST GERMAN CASE STUDY. By Heinz Köhler. New York: Praeger, 1966, 402 p. $15.00.

Using developments in East Germany for illustrative purposes, the author, a professor of economics at Amherst College, describes how the economic integration within the communist bloc was advanced by the Soviet demand for reparations and the establishment of the Council for Mutual Economic Aid.

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INDUSTRY AND LABOUR IN THE U.S.S.R. Edited by G. V. Osipov. London: Tavistock Publications, 1966, 297 p. 45/. (New York: Barnes and Noble, distributor, $8.00).

A selection of translations of a number of papers by Soviet specialists dealing with a variety of current questions relating to labor and industry.

SOWJETGESELLSCHAFT IM WANDEL: RUSSLANDS WEG ZUR INDUSTRIEGESELLSCHAFT. Edited by Boris Meissner. Stuttgart: Kohlhammer, 1966, 205 p. DM. 12.80.

Essays by the editor, Karl-Heinz Ruffmann, Oskar Anweiler and Karl C. Thalheim.

SOVIET AND EAST EUROPEAN AGRICULTURE. Edited by Jerzy F. Karcz. Berkeley: University of California Press, 1967, 445 p. $10.00.

A volume of contributions originally presented at a conference on Soviet agriculture in 1965. While primary emphasis is on the U.S.S.R., there are chapters on Jugoslavia, Poland and Czechoslovakia.

THE RUSSIAN ANARCHISTS. By Paul Avrich. Princeton: Princeton University Press, 1967, 303 p. $7.50.

An able work, centering chiefly on 1905 and 1917, that studies a movement or mood in Russian history, the importance of which has been often overlooked.

SOWJETSYSTEM UND DEMOKRATISCHE GESELLSCHAFT. Edited by C. D. Kernig. Freiburg: Herder, 1966, 1,275 p. DM. 148.

This first volume of this massive comparative encyclopedia runs from "Abbildtheorie" to "Diktatur des Proletariats." It will be a most useful reference work.

THE GOVERNMENTS OF COMMUNIST EAST EUROPE. By H. Gordon Skilling. New York: Crowell, 1966, 256 p. $2.50 (Paper).

A concise but useful study, handled topically rather than by country.

COMMUNISM IN FINLAND: A HISTORY AND INTERPRETATION. By John H. Hodgson. Princeton: Princeton University Press, 1967, 261 p. $6.00.

A comprehensive history of the Finnish Communist Party, controversial in parts but contributing to our relatively meager store of good party histories.

LA FINLANDE DANS LA TOURMENTE. By Contre-Amiral M. Peltier. Paris: Éditions France-Empire, 1966, 301 p. Fr. 18.

An account of the Winter War and its continuation in 1941–44. The author has served as French naval attaché in both Helsinki and Moscow.

A HISTORY OF MODERN POLAND. By Hans Roos. New York: Knopf, 1966, 303 p. $5.95.

An excellent and well-balanced history of Poland since the founding of the republic in the First World War. The author is professor of history at Göttingen.

POLEN. By Karl Hartmann. Zurich: Christiana-Verlag, 1966, 498 p. Swiss Fr. 28.90.

An overall historical survey of Polish culture, including the post-1945 period: education and scholarship, literature, the theater, music, film and the press.

TITO'S SEPARATE ROAD: AMERICA AND YUGOSLAVIA IN WORLD POLITICS. By John C. Campbell. New York: Harper and Row (for the Council on Foreign Relations), 1967, 180 p. $3.95.

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An admirably balanced consideration of American policies toward Jugoslavia in the postwar years, how they came about, their successes and failures.

LOOK EAST, LOOK WEST: THE SOCIALIST ADVENTURE IN YUGOSLAVIA. By David Tornquist. New York: Macmillan, 1966, 310 p. $6.95.

A personal but informative report on contemporary Jugoslavia, based on the author's experience in the country as a translator.

CYPRUS: A PLACE OF ARMS: POWER POLITICS AND ETHNIC CONFLICT IN THE EASTERN MEDITERRANEAN. By Robert Stephens. New York: Praeger, 1966, 232 p. $6.00.

An exceptionally able presentation of the Cyprus crisis in the setting of the island's variegated and troubled history.

The Middle East

EDUCATION AND THE QUEST FOR MODERNITY IN TURKEY. By Andreas M. Kazamias. Chicago: University of Chicago Press, 1967, 304 p. $6.00.

The historical chapters of this book, using both Turkish and foreign works, describe the educational aspects of the reform movement in the Ottoman Empire and the Turkish Republic. The chapters on the contemporary scene are based in part on personal observation and field research complete with questionnaires and punch cards. The emphasis is on secondary education, not the universities.

EDUCATION AND SCIENCE IN THE ARAB WORLD. By Fahim I. Qubain. Baltimore: Johns Hopkins Press, 1966, 539 p. $12.50.

A pioneer effort to collect information on education and manpower in all the Arab countries except Tunisia, Algeria and Morocco. Valuable as an overall survey and reference work, although, because of the rapid expansion of education, its figures will soon be outdated. The study was sponsored by the Middle East Institute.

FINANCING ECONOMIC DEVELOPMENT IN IRAQ: THE ROLE OF OIL IN A MIDDLE EASTERN ECONOMY. By Abbas Alnasrawi. New York: Praeger, 1967, 188 p. $10.00.

A monograph which seeks to explain the virtual failure of Iraq's development policies and programs both before and after the change of régime in 1958, pointing out the problems involved in basing a country's economic development efforts on the revenues from a single commodity—oil.

BEN GOURION: LE PROPHÈTE ARMÉ. By Michel Bar-Zohar. Paris: Fayard, 1966, 412 p. Fr. 21.90.

A labor of love, this biography "does not pretend to be objective" but is nevertheless by far the most informative and interesting study of Ben-Gurion yet to appear. While not footnoted point by point, it rests on many sources including the diaries and correspondence of Ben-Gurion himself. His role in Israel's moments of crisis, such as 1948 and 1956, and his fierce feuds with his many Jewish adversaries are well described.

THE ECONOMICS OF ISRAEL. By David Horowitz. New York: Pergamon Press, 1967, 193 p. $5.25 (Paper).

A handbook of basic data with many useful tables, accompanied by comment on Israel's economic policies by the Governor of the Bank of Israel.

ISRAEL: MIRACLE IN THE DESERT. By Terence Prittie. New York: Praeger, 1967, 246 p. $5.95.

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A talented journalist, author of several books on Germany, takes an overall look at Israel. He writes with "affectionate sympathy," generally supporting Israel's policies both internal and external.

A HISTORY OF THE CO-OPERATIVE MOVEMENT IN ISRAEL. BOOK ONE: THE EVOLUTION OF THE CO-OPERATIVE MOVEMENT. By Harry Viteles. London: Vallentine, 1967, 252 p. 42/.

The first of a projected seven-volume study of coöperatives in Palestine. For the specialist rather than the general reader, it is based on the author's lifetime of work in the movement and consists largely of source material. Both Jewish and Arab coöperatives are covered.

South and Southeast Asia

NEHRU: A CONTEMPORARY'S ESTIMATE. By Walter Crocker. New York: Oxford University Press, 1966, 186 p. $5.00.

Personal impressions of Nehru, by a former Australian Ambassador to India, gained from frequent contact over a prolonged period and checked out by documentary sources.

ADMINISTRATIVE PROBLEMS IN PAKISTAN. Edited by Guthrie S. Birkhead. Syracuse: Syracuse University Press, 1966, 223 p. $5.00.

A descriptive analysis of development processes by six American and British specialists, all of whom served at the Pakistan Administrative Staff College in Lahore. Chapters on business participation in administration, government by corporations, the Karachi Port Trust and administrative reform are included.

CEYLON: AN EXPORT ECONOMY IN TRANSITION. By Donald R. Snodgrass. Homewood (Ill.): Irwin, 1966, 416 p. $9.50.

Mr. Snodgrass, economic adviser to Malaysia's Economic Planning Unit, analyzes the structure and growth of Ceylon's export economy from 1840 to the present. His study increases in detail in the 1940s and puts main emphasis on the period since independence in 1948.

DEFEATING COMMUNIST INSURGENCY: THE LESSONS OF MALAYA AND VIETNAM. By Sir Robert Thompson. New York: Praeger, 1966, 171 p. $4.95.

A study of all aspects of counterinsurgency, based on experiences in Malaya (1948–1960) and South Viet Nam (1961–1965), which varied according to terrain and prevailing conditions. Sir Robert avoids operational details and concentrates on how best to harass, isolate and otherwise slow down the enemy.

VIETNAM: A DRAGON EMBATTLED. By Joseph Buttinger. New York: Praeger, 1967, 2 v. $18.50.

A detailed political history from 1900 (the beginnings of drastic reforms by the French in Indochina) up to the fall of Ngo Dinh Diem based on personal interviews with Vietnamese leaders, primary source materials and a painstaking review of existing literature on the topic. Voluminous notes in 405 pages, offering commentaries and documentation designed for the more serious reader, are added to the end of each volume.

VICTOR CHARLIE: THE FACE OF WAR IN VIET-NAM. By Kuno Knoebl. New York: Praeger, 1967, 304 p. $5.95.

An Austrian journalist, after five months in Viet Nam, reports on the political

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and military intentions of the Viet Cong, many of whose soldiers and leaders he interviewed and whose challenges, he feels, South Vietnamese and American diplomats have failed to meet. The introduction to this American edition is by Bernard B. Fall. (A translation of "Victor Charlie: Viet Cong—der Unheimliche Feind," Vienna: Molden, 1966.)

HERE IS YOUR ENEMY. By James Cameron. New York: Holt, Rinehart and Winston, 1966, 144 p. $3.95.

A British correspondent, admitted to North Viet Nam in December 1965, gives a highly readable account of what he saw, heard and learned from lengthy talks with its leaders. He finds the American-Viet Nam war "both imbecile and brutal."

WASHINGTON AND VIETNAM: AN EXAMINATION OF THE MORAL AND POLITICAL ISSUES. By Dorothy Dunbar Bromley. Dobbs Ferry: Oceana Publications, 1966, 120 p. $3.50.

Mrs. Bromley examines steps taken leading to the build-up of American forces in Viet Nam, the U.S. negotiating position and elements which, she feels, are preventing peace talks. An anti-war book sponsored by the Clergy and Laymen Concerned About Viet Nam.

THE FALL OF SUKARNO. By Tarzie Vittachi. New York: Praeger, 1967, 191 p. $4.95.

This exiled Ceylonese editor spent eighteen months in 1965–1966 in Indonesia and witnessed many of the events prior to Sukarno's downfall, which he blames on the Bung's self-love, rendering him no longer capable of giving his attention to the realities of nation-building.

East Asia and Pacific Ocean

CONTEMPORARY CHINA. Edited by Ruth Adams. New York: Pantheon Books, 1966, 336 p. $6.95.

Essays on Communist China's international politics, economy, agriculture, population, science, education and culture by a group of highly respected scholars (all the foreign ones have visited post-revolutionary China), designed to provide an informed appraisal of the country. These papers resulted from the 1966 Chicago China Conference.

ORBIT OF CHINA. By Harrison E. Salisbury. New York: Harper and Row, 1967, 204 p. $4.95.

Mr. Salisbury, of *The New York Times,* traveled the entire periphery of China to gauge its impact on Asia and the world. Key topics are war and peace with America, struggle for Asian leadership, the Sino-Soviet conflict and escalation of war in Southeast Asia.

CHINA: THE OTHER COMMUNISM. By K. S. Karol. New York: Hill and Wang, 1967, 474 p. $7.95.

Observations on Chinese Communism, with frequent comparisons to that of the Soviet Union, based on a four-months' trip through China in 1965 and interviews with political and intellectual figures. The author's interviews with Chou En-lai and Ch'en Yi, appended, appeared originally in the *New Statesman.* Mr. Karol, a Pole who lived in Russia for seven years, now writes for *Nouvel Observateur* in Paris.

CHINA: THE PEOPLE'S MIDDLE KINGDOM AND THE U.S.A. By John K. Fairbank. Cambridge: Harvard University Press (Belknap Press), 1967, 145 p. $3.95.

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Eleven historical essays, updated and reëdited since their original publication in various journals (mostly in 1966). Many of them give fuller treatment to topics discussed by the Harvard Sinologist in his testimony before the Senate Committee on Foreign Relations.

THE CHINESE PEOPLE'S LIBERATION ARMY. By Samuel B. Griffith, II. New York: McGraw-Hill (for the Council on Foreign Relations), 1967, 398 p. $10.95.

The military history and the structure of the P.L.A. and its involvement with the Chinese Communist Party, together with an evaluation of its capabilities. An important volume in the Council's China study.

POLITICAL PARTICIPATION IN COMMUNIST CHINA. By James R. Townsend. Berkeley: University of California Press, 1967, 233 p. $5.50.

The roles of various classes of people, and of the masses in general, in relation to the task of mobilizing unified popular support behind the communist program.

THE PARTY AND THE NATIONAL QUESTION IN CHINA. Edited and Translated by George Moseley. Cambridge: M.I.T. Press, 1966, 186 p. $7.50.

A translation of Chang Chih-i's "A Discussion of the National Question in the Chinese Revolution and of Actual Nationalities Policy (Draft)," first prepared in 1956 by the deputy director of the United Front Work Department of the Chinese Communist Party. The document is an analysis of the Party's theoretical approach to the control of the 40 million Chinese inhabiting national minority areas.

FINANCING THE CHINESE GOVERNMENT BUDGET: MAINLAND CHINA, 1950–1959. By George N. Ecklund. Chicago: Aldine Publishing Co., 1966, 133 p. $5.00.

A professor at the American University describes and evaluates methods used to raise government revenue for Communist China's rapid industrialization. Statistics from Chinese and other communist sources.

MARKET CONTROL AND PLANNING IN COMMUNIST CHINA. By Dwight H. Perkins. Cambridge: Harvard University Press, 1966, 291 p. $7.00.

Following a historical prologue, Professor Perkins of Harvard analyzes market versus centralized controls in agriculture before the wave of Chinese coöperatives and compares them with those established in the 1956–1963 period.

LI TA-CHAO AND THE ORIGINS OF CHINESE MARXISM. By Maurice Meisner. Cambridge: Harvard University Press, 1967, 326 p. $4.95.

A study of the intellectual evolution of China's first Marxist and of the early reception and transformation of Marxist ideas in China. Li, now regarded as a martyr, was executed in 1927.

BIOGRAPHICAL DICTIONARY OF REPUBLICAN CHINA. VOLUME I: AI-CH'U. Edited by Howard L. Boorman with the assistance of Richard C. Howard. New York: Columbia University Press, 1967, 483 p. $20.00.

Biographies of 150 Chinese eminent in the fields of domestic politics, external relations and socio-economics (broadly construed to include some of the humanities and sciences), living and dead. The first of a projected five-volume work containing some 600 articles.

AN HISTORICAL ATLAS OF CHINA. By Albert Herrmann. Chicago: Aldine Publishing Co., 1966, 88 p. $12.50.

The modern maps in the original edition of this classic, first published in 1935,

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have been replaced by completely new economic and cultural ones of contemporary China; a map on the Chinese in Southeast Asia has been added. The best of its kind.

AGRICULTURAL DEVELOPMENT OF TAIWAN, 1903–1960. By Yhi-Min Ho. Nashville: Vanderbilt University Press, 1966, 172 p. $7.50.

An analysis of the sources and patterns of Taiwan's successful agricultural transformation, illustrating the role of land-saving and unconventional labor-intensive farm inputs under a small farm-holding system.

SOCIALIST PARTIES IN POSTWAR JAPAN. By Allan B. Cole and Others. New Haven: Yale University Press, 1966, 490 p. $12.50.

Three specialists in Japanese socialism study the history, theory, tactics and politics, organization and leadership, and electoral and organized support of Japan's non-communist leftist parties from 1945 to 1961.

THE JAPANESE COMMUNIST MOVEMENT, 1920–1966. By Robert A. Scalapino. Berkeley: University of California Press, 1967, 412 p. $6.50.

A detailed history of the Japanese Communist Party: its ideological evolution, relations to other political forces, role in the international communist movement and the reasons why it has failed to attract and to hold a mass following. Emphasis is on the post-1945 period. Based mainly on primary source materials.

A HISTORY OF LABOR IN MODERN JAPAN. By Iwao F. Ayusawa. Honolulu: East-West Center Press, 1967, 406 p. $9.50.

A detailed history of labor development in Japan from 1868 to 1962 by the world's leading authority, whose specialization in the field goes back to the early days of the I.L.O. A companion volume on current labor problems in Japan is in preparation.

JAPAN'S DECISION FOR WAR: RECORDS OF THE 1941 POLICY CONFERENCES. Translated, Edited and with an Introduction by Nobutaka Ike. Stanford: Stanford University Press, 1967, 306 p. $8.50.

Translation of the detailed notes taken at 57 crucial liaison conferences attended by representatives of the Japanese Cabinet and Army and Navy Chiefs and Vice-Chiefs of Staff, and at five Imperial conferences at which high-level decisions were ratified in the presence of the Emperor. Very important for the study of American-Japanese relations.

Africa

UNIVERSITIES: BRITISH, INDIAN, AFRICAN: A STUDY IN THE ECOLOGY OF HIGHER EDUCATION. By Eric Ashby. Cambridge: Harvard University Press, 1966, 558 p. $12.95.

A comprehensive history and analysis of higher education in the English-speaking world with particular attention to the impact of British institutions and practices on the universities of the Commonwealth, especially in formerly British Africa.

TOWARDS A PAX AFRICANA: A STUDY OF IDEOLOGY AND AMBITION. By Ali A. Mazrui. Chicago: University of Chicago Press, 1967, 287 p. $5.95.

A historical and analytical exploration of the vocabulary and major concepts of contemporary African thinking about politics, by the Chairman of the Department of Political Science at Makerere University College of East Africa.

PATTERNS OF AFRICAN DEVELOPMENT: FIVE COMPARISONS. Edited by Herbert J. Spiro. Englewood Cliffs: Prentice-Hall, 1967, 144 p. $4.95 (Paper, $1.95).

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Professor Spiro and four other political scientists have written five essays on general problems of social change and political development in Africa. Claude Welch's comparison of modernization in Japan and Africa is of particular note.

AFRICA: THE POLITICS OF UNITY: AN ANALYSIS OF A CONTEMPORARY SOCIAL MOVEMENT. By Immanuel Wallerstein. New York: Random House, 1967, 274 p. $4.95.

A Columbia sociologist follows the development of conflicts and policies in the various supranational organizations in staggering detail, up to late 1965.

THE EGYPTIAN AGRARIAN REFORM, 1952–1962. By Gabriel S. Saab. New York: Oxford University Press (for the Royal Institute of International Affairs), 1967, 236 p. $8.00.

Dr. Saab's highly competent and careful analysis of Egyptian agriculture from the revolutionary régime's major reform in 1952 to the second in 1961 draws on his own unique experience in Egypt and a wealth of statistical material. He documents the accomplishments of the reform but is critical of the government's preference for the spectacular.

TUNISIA: FROM PROTECTORATE TO REPUBLIC. By Dwight L. Ling. Bloomington: Indiana University Press, 1967, 273 p. $7.50.

A rather detailed survey of political history from the French occupation in 1881 to the present-day problems of nationhood, based on considerable research and experience in the area. A useful bibliography is included.

LORDS OF THE ATLAS: THE RISE AND FALL OF THE HOUSE OF GLAOUA, 1893–1956. By Gavin Maxwell. New York: Dutton, 1966, 318 p. $6.95.

Gavin Maxwell, with whose literary skills we are already acquainted through his "People of the Reeds," here presents a colorful biography of the family which held ruthless sway in parts of Morocco during the French Protectorate; especially T'hami El Glaoui, the Pasha of Marrakesh, who played a key role in the duel between Sultan Sidi Mohammed Ben Youssef and the French leading to Moroccan independence.

EL MEHDI BEN BARKA, MON FRÈRE. By Abdelkader Ben Barka. Paris: Laffont, 1966, 251 p. Fr. 13.50.

A personal and rather light biography which covers Ben Barka's participation in the nationalist movement and the post-independence politics of Morocco. The story ends before his disappearance.

THE REDS AND THE BLACKS: A PERSONAL ADVENTURE. By William Attwood. New York: Harper and Row, 1967, 341 p. $5.95.

The author's experiences as U.S. Ambassador to Guinea and then Kenya are related in this readable and sometimes critical account of diplomatic life in two African capitals. Important for students of African politics and American foreign policy.

AFRICA SINCE 1800. By Roland Oliver and Anthony Atmore. New York: Cambridge University Press, 1967, 304 p. $4.95 (Paper, $1.95).

An extremely concise, well-written history instructively illustrated with interpretive maps analyzing developments in sub-Saharan Africa through the surge of military coups in 1965–66.

THE ECONOMICS OF AFRICAN DEVELOPMENT. By Andrew M. Kamarck. New York: Praeger, 1967, 294 p. $7.50.

An excellent, comprehensive survey of sub-Saharan Africa's economic history

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and contemporary problems by the Director of the Economics Department of the World Bank and Lecturer at Johns Hopkins University. There is a useful statistical appendix with comparative economic data on African economies through 1964–65.

POLITICAL CHANGE IN A WEST AFRICAN STATE: A STUDY OF THE MODERNIZATION PROCESS IN SIERRA LEONE. By Martin Kilson. Cambridge: Harvard University Press, 1966, 301 p. $6.95.

This study of the political process in Sierra Leone through 1964 lays great emphasis on the significance of groups and their interrelations. It contains illuminating comparisons with other African political systems. Prepared under the auspices of the Center for International Affairs, Harvard University.

WEISSE SÖLDNER IM SCHWARZEN LAND: EIN ERLEBNISBERICHT. By Hans Germani. Frankfurt/Main: Ullstein, 1966, 175 p. DM. 2.60.

Die Welt's Africa correspondent accompanied Michael Hoare's 270 white mercenaries during their suppression of the Mulele rebellion against the Leopoldville government in 1964–65. Germani becomes their official historian in his completely sympathetic account of how this motley "international brigade" saved the heart of Africa from Communist Chinese domination. An unbalanced, somewhat hysterical book.

THE ANATOMY OF UHURU: DYNAMICS AND PROBLEMS OF AFRICAN INDEPENDENCE IN AN AGE OF CONFLICT. By N. S. Carey Jones. New York: Praeger, 1967, 231 p. $6.50.

An extended interpretive essay on the problems of Kenya's independent government by the Deputy Director in Development Administration at the University of Leeds. The author's pessimism about the viability of Kenya's economy and political system would be more convincing had he introduced more factual detail and analysis.

ZAMBIA, INDEPENDENCE AND BEYOND: THE SPEECHES OF KENNETH KAUNDA. Edited by Colin Legum. London: Nelson, 1966, 265 p. 35/.

This collection of President Kaunda's speeches made in the period 1962–1966 shows him to be among Africa's most patient, modest and principled leaders.

TOMORROW'S SUN: A SMUGGLED JOURNAL FROM SOUTH AFRICA. By Helen Joseph. London: Hutchinson, 1966, 302 p. 35/.

A profoundly disturbing account of the misery inflicted on rural African leaders, exiled to remote places on charges of trying to retribalize and oppress their own people. Mrs. Joseph's courage in helping these forgotten people earned her five years of house arrest, which is still in effect.

SÜDWESTAFRIKA: LAND ZWISCHEN DEN EXTREMEN. By Hans Jenny. Stuttgart: Kohlhammer, 1967, 301 p. DM. 24.

A Swiss journalist and specialist in African affairs pleads for a chance for South Africa to pursue its policy of "separate development" in South West Africa, a policy he sees as a middle way between the extremes of white colonial dictatorship on the one hand, and black and/or communist dictatorship on the other.

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SOURCE MATERIAL

By Donald Wasson

I. DOCUMENTS

Documents may be procured from the following: *United States:* Gov't Printing Office, Superintendent of Documents, Washington, D. C. 20402. *Great Britain:* British Information Services, Sales Section, 845 3rd Ave., New York 10022. *United Nations, International Court of Justice:* United Nations, Sales Section, N.Y., *United Nations Educational, Scientific and Cultural Org., Food and Agric. Org.:* Columbia University Press, Int. Documents Service, 2960 Broadway, New York 10027. *Int. Labor Office:* 1262 New Hampshire Ave., Washington, D.C. 20036. *European Coal and Steel Community, Economic Community, Euratom:* 808 Farragut Bldg., Washington, D.C. 20006. Washington imprints are Government Printing Office, and Congressional documents, unless otherwise noted, are for the 90th Congress, 1st Sess. London imprints are Her Majesty's Stationery Office, and New York imprints are United Nations, unless otherwise noted.

Africa

Le Développement économique rural du rif occidental Maroc. Rome, FAO, 1965. 2 vols. (FAO/SF: 18/MOR.)

Asia and Pacific Ocean

Rural development in Asia. Hearings, Subcommittee on Asian and Pacific Affairs, Committee on Foreign Affairs, House, Feb. 28–Mar. 9, 1967. Washington, 1967. Pt. 1.

An Economic profile of mainland China. Study, Joint Economic Committee, Feb. 22, 1967. Washington, 1967. 2 pts. (Jt. Com. Print.)

Emergency food assistance to India. Report, Committee on Agriculture, House, to accompany H.J. Res. 267, Mar. 6, 1967. Washington, 1967. 18 p. (H. Rept. 67.)

——. Report, Committee on Agriculture and Forestry, Senate, to accompany H.J. Res. 267, Mar. 15, 1967. Washington, 1967. 11 p. (S. Rept. 70.)

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